

Memorandum



To : SAC, WMFO (58C-WF-180673) (P) (C-9)

Date 9/7/93

From : SA [redacted]

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b7C

Subject: PLATE BLOCK
OO:WF

Due to the increased media attention the captioned matter has received, it is requested that a Subfile N be created as a repository for news articles.

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58C-WF-180673 Sub-N

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Rosty Ex-Opponent Hits Gifts to Ethics Members

Rep. Dan Rostenkowski (D-Ill.), through a political action committee he controls, gave \$2,350 to members of the House ethics committee, which has been asked to investigate Rostenkowski, a former election opponent said Saturday.

Former Ald. Dick Simpson, who was defeated in a 1992 Democratic primary bid for Rostenkowski's seat in Congress, charged the donations "tainted the committee." Simpson called for the appointment of an independent investigator.

The U.S. attorney's office in Washington is trying to determine whether Rostenkowski improperly benefited from his dealings with the House post office.

Simpson said Rostenkowski's America's Leaders Fund donated \$1,500 to Rep. Jim McDermott (D-Wash.), who in February became chairman of the House Committee of Standards of Official Conduct, the formal name of the ethics committee. Rostenkowski also contributed \$500 to Rep. Nancy Pelosi (D-Calif.) and \$350 to Rep. Benjamin L. Cardin (D-Md.). Both are current ethics committee members.

The committee usually waits until a federal investigation is over before it launches its own inquiry.

"Because they accepted the donations, the three congressmen should be disqualified and a temporary chairman must appoint an independent counsel to investigate Rostenkowski," said Simpson.

Reached at home, Rostenkowski declined to listen to Simpson's charges or to comment. "He's just positioning himself to run," the congressman said.

Contributing: *Larry Weintraub*

(Indicate page, name of newspaper, city and state.) Page 39
Chicago Sun-Times
Chicago, Illinois

Date: April 18, 1993
Edition: Late Sports Final

Title: ROSTY EX-OPPONENT HITS
GIFTS TO ETHICS MEMBERS

Character:

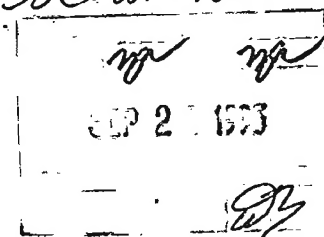
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Classification:

Submitting Office: Chicago

Indexing:

58C-WF-180673 Sub N-2



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Rostenkowski's PAC use attacked

Former Ald. Dick Simpson charged Saturday that U.S. Rep. Dan Rostenkowski (D-Chicago) "bought off" three members of the House Ethics Committee with campaign contributions.

Simpson said Rostenkowski, chairman of the Ways and Means Committee, "stone-walled" requested investigations of the charges.

Simpson, who ran against Rostenkowski in 1991, said last month that he submitted a complaint to the Ethics Committee about the use of Rostenkowski's state political action committee, called the America's Leaders Fund. He said the Ethics Committee refused to accept the complaint because Rostenkowski contributed \$2,350 from the America's Leaders Fund to the campaigns of the Ethics Committee's chairman and two panel members.

Such contributions are a common fundraising practice.

Simpson said the House members who accepted PAC contributions from Rostenkowski "should remove themselves from consideration of this case before the House Ethics Committee, an immediate preliminary investigation should be begun and an outside counsel should be hired."

(Indicate page, name of Sec. 2, Pg. 2
newspaper, city and state.)

Chicago Tribune
Chicago, Illinois

Date: April 18, 1993
Edition: Sports Final

Title: ROSTENKOWSKI'S PAC
USE ATTACKED

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

50C-WF-180673 SubN-3

78 78
SEP 2 1993

WJ

(Mount Clipping in Space Below)

Rosty Probers Checking Gabinski

WASHINGTON—A federal grand jury investigating Rep. Dan Rostenkowski (D-Ill.) subpoenaed House records on campaign literature and other material printed for the congressman for Ald. Theris M. Gabinski and his 32nd Ward political committee.

The subpoena was served two weeks ago, according to a report prepared for publication in today's Washington Times.

The demand for more records on Rostenkowski and Gabinski, his Northwest Side political protege, indicated the investigation remained active one month after Attorney General Janet Reno demanded the resignation of Jay B. Stephens, the Republican federal prosecutor in the District of Columbia who ran the investigation for the past year.

The subpoena for records of House printer David L. Andrukitis demanded any documents since 1979 related to work performed for Rostenkowski, his campaign committee, or a political action committee that he controls. The grand jury also asked the House printer about any work done for Gabinski or the 32nd-Ward Regular Democratic Organization.

Gabinski refused comment Thursday night.

(Indicate page, name of newspaper, city and state.)
Page 3
Chicago Sun-Times
Chicago, Illinois

Date: April 30, 1993
Edition: Late Sports Final

Title: ROSTY PROBERS CHECKING
GABINSKI

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

24

CHICAGO SUN-TIMES, FRIDAY, APRIL 30, 1993

**Political briefing**

By Lynn Sweet
Staff Writer

Rosty probers: Justice Department probers subpoenaed the state Democratic Party last week for a slew of campaign records as part of its investigation of Rep. Dan Rostenkowski (D-Ill.).

The subpoena, one of the first to go out since the departure of U.S. Attorney Jay Stephens, shows the investigation is still alive, as Attorney General Janet Reno promised.

The subpoena asked for records showing anything sent to Rostenkowski's campaign committee or anything received from the congressman or his various campaign funds.

Justice asked for records going back to 1979. But the party sent to Washington documents dating from 1990, when state Chairman Gary J. LaPaille took over.

On another front, the Federal Election Commission sent letters to North and Northwest Side committeemen and some suburban mayors asking for information on contributions they received from America Leaders, a political fund controlled by Rostenkowski.

Ald. William J. P. Banks (36th), the 36th Ward committeeman, said the FEC asked him about funds that may have been spent on Rostenkowski's behalf. Dick Simpson, who lost to Rostenkowski in the primary, had filed a complaint questioning whether the fund should be allowed to send money to other politicians.

SBC-WF-180673 Sub N-4

APR 2 1993

b6
b7c(Indicate page, name of newspaper, city and state.)
Page 8
Chicago Sun-Times
Chicago, IllinoisDate: May 4, 1993
Edition: Late Sports FinalTitle: TOP ROSTY AIDE GETS
IMMUNITY FROM PROBERSCharacter:
or
Classification:
Submitting Office: Chicago

Indexing:

(Mount Clipping in Space Below)

Top Rosty Aide Gets Immunity From Probers

By Michael Briggs
Sun-Times Washington Bureau

WASHINGTON—A top aide to Rep. Dan Rostenkowski was granted immunity by prosecutors investigating the congressional, campaign and personal finances of the Chicago Democrat, sources confirmed Monday.

Virginia C. Fletcher, who runs Rostenkowski's congressional office on Capitol Hill, was called back before a grand jury after the government granted her immunity, according to lawyers familiar with the investigation.

Once immunized, witnesses no longer may refuse to cooperate for fear testimony might be used against them.

Fletcher has worked for Rostenkowski since 1963 and is paid more than \$90,000 a year to run his congressional office. Rostenkowski also has been paying her legal bills in connection with the grand jury investigation.

Paul Perito, Fletcher's attorney, did not return a telephone call.

Mary A. Lesinski, a former assistant to Fletcher, previously was granted immunity after she invoked her Fifth Amendment protection against self-incrimination.

The grand jury also reportedly has subpoenaed records of the Democratic Party in Illinois and demanded records of official or campaign materials printed for Rostenkowski or for Ald. Terry M. Gabinski (32nd), the congressman's protege.

The investigation of Rostenkowski became public almost a year ago, when the congressman acknowledged that records of his congressional office expenses were subpoenaed in connection with the post office probe.

House records showed purchases of unusually large numbers of stamps for Rostenkowski's office. Taxpayers and Rostenkowski political funds were charged \$55,000 for stamps since 1986, even though most congressional mailing does not require regular postage.

The grand jury investigation was expanded after the Sun-Times reported that Rostenkowski paid more than \$73,000 in campaign funds to himself and his sisters for a little-used office and that he took personal ownership of three vehicles for which taxpayers were charged at least \$71,000 in lease payments.

5BC-WF-180673 Sub N-5

JUN 2 1993

(Mount Clipping in Space Below)

Immunity grants help Rostenkowski probe

WASHINGTON—The wide-ranging investigation of Rep. Dan Rostenkowski is steaming forward as prosecutors continue to grant immunity to key aides in Washington and Chicago, including Ald. Terry Gabinski, to compel their testimony before a federal grand jury.

Prosecutors began granting immunity to the first of numerous staffers as long ago as last year. Well over a dozen have appeared before the grand jury.

Gabinski succeeded Rostenkowski (D-Ill.) as 32nd Ward Democratic committeeman on the Near Northwest Side and is a protege of the congressman. He also has wide knowledge about the financial records of the 32nd Ward Regular Democratic Organization. The grand jury has subpoenaed the ward records.

Attempts to gain comment from either Gabinski or his Washington lawyer were unsuccessful.

Prosecutors also have granted immunity to Nancy Panzke, who runs Rostenkowski's congressional office in Chicago. The grand jury also has sought spending records from Rostenkowski's congressional office and records from his political funds.

In Washington, prosecutors have granted immunity to Rostenkowski's long-time administrative assistant, Virginia Fletcher, a fact first disclosed in Monday's Los Angeles Times, and to legislative assistant Mary Lesinski.

Immunity typically is granted to witnesses who refuse to answer questions based on their right to protect themselves against self-incrimination. It does not imply any indication of guilt.

The Clinton administration last month called for the resignation of all U.S. attorneys, including Jay Stephens, U.S. attorney in Washington, but sources familiar with the case say that activity before the grand jury has been steady.

Stephens had driven the inquiry since it began more than 18 months ago, and when he departed, he suggested that his dismissal might derail the investigation of Rostenkowski, who as chairman of the House Ways and Means Committee is seen as crucial to the success of the president's economic plans.

But several sources familiar with the case said that federal prosecutors have in no way backed off their investigation, which is exploring allegations that Rostenkowski and others engaged in a stamp-for-cash scandal emanating from the House Post Office.

A Rostenkowski spokesman said the congressman saw "nothing unusual or ominous about the fact that they have asked for and granted immunity" for staff members. "Nor does it imply anything negative," the spokesman said.

Atty. Gen. Janet Reno has said

that Rostenkowski's case will be treated no differently because of his prominence, although she acknowledged that she would expect to be informed about the indictment of any member of Congress.

A federal prosecutor's request for immunity is approved by a top deputy in the Justice Department's criminal division, according to a department spokesman.

Sources familiar with the case said that the immunity grants indicate that government lawyers have a circumstantial case against Rostenkowski based on thousands of pages of documents they have subpoenaed over the last decade involving his congressional and campaign expenses.

The sources contend that government lawyers still lack evidence that Rostenkowski received any money.

The witnesses could fill in those gaps. At the same time, their testimony could bolster Rostenkowski's long-standing contention that he has done nothing wrong.

(Indicate page, name of Sec. 1, Pg. 2 newspaper, city and state.)

Chicago Tribune
Chicago, Illinois

Date: May 5, 1993
Edition: Sports Final

Title: IMMUNITY GRANTS HELP
ROSTENKOWSKI PROBE

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

Sources said they believe any decision about an indictment of Rostenkowski might be at least two months away.

Fletcher, who has served on Rostenkowski's staff since the early 1960s, has been before the grand jury at least five times, sources said.

Rostenkowski has been paying thousands of dollars in legal bills for his aides, including Fletcher, out of his political funds.



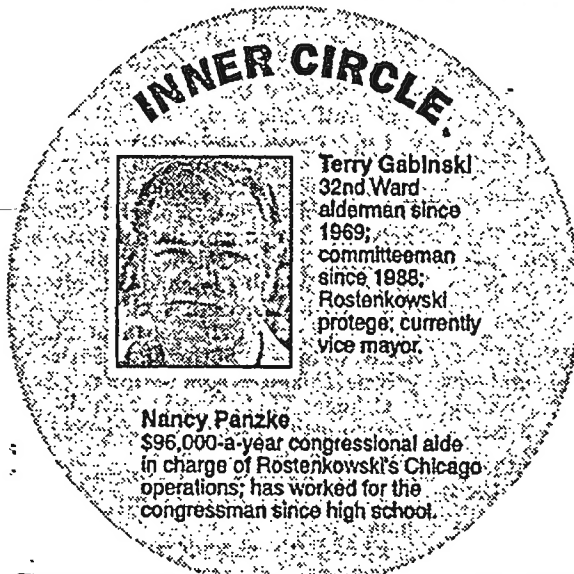
Ald. Terry Gabinski (32nd) has been granted immunity in the Rostenkowski probe.

(Indicate page, name of newspaper, city and state.)

Page 23
Chicago Sun-Times
Chicago, IllinoisDate: May 23, 1993
Edition: Late Sports FinalTitle: WHO'S WHO IN ROSTY'S
CHICAGO WORLDCharacter:
or
Classification:
Submitting Office: Chicago

Indexing:

(Mount Clipping in Space Below)

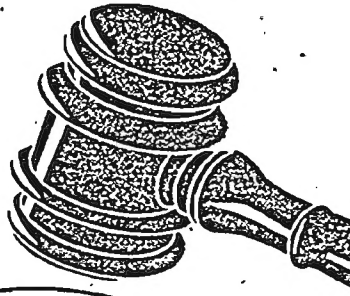
WHO'S WHO IN ROSTY'S CHICAGO WORLD**JUDGES**

Francis X. Goiniewicz Jr.
Cook County circuit court judge; supported by
32nd Ward organization.

Mary Ann (Grohwin) McMorro
Illinois Supreme Court justice; Rostenkowski's
second cousin; product of 32nd Ward organization.

Thomas R. Rakowski
Illinois Appellate Court justice; sponsored by 32nd
Ward organization.

**Leonard L.
Levin**
Cook County
circuit court
judge; former
lawyer for
Rostenkowski
family and former
part-time member
of congressional
staff.



58C-WF-180673 Sub N-7

JP 2, 1993

WJ

LOCAL OFFICIALS



Michael Nardulli
Illinois Pollution Control Board member; former 26th Ward alderman adopted by 32nd Ward after 1986 remap and special election.



Edward Czadowski
Illinois Development Finance Authority board member; lawyer; directed Rostenkowski's 1992 re-election campaign.

Donald Tomczak
First deputy city water commissioner; 11th Ward native who found refuge on Rostenkowski's staff during Washington and Sawyer administrations.

POLITICAL PALS

Thomas G. Lyons
Cook County Democratic chairman; 45th Ward Democratic committeeman.



Edward M. Burke
14th Ward alderman and committeeman; partner with Rostenkowski in Wisconsin real-estate investment.

Joseph S. Kotlarz
State representative; former 35th Ward alderman; partner with Rostenkowski in Wisconsin real-estate investment.

BUSINESS BUDDIES



Dan Shannon
Co-developer Presidential Towers; managed Rostenkowski's blind trust; former Park District president.



Edward T. Hanley
President of Hotel Employees & Restaurant Employees International Union.



Thomas B. Rosenberg
President of Capital Associates; real-estate developer and property manager; also pension fund adviser and movie producer.



Michael Segal
President of Near North Insurance; partner with Rostenkowski in Wisconsin real estate investment.

RETIRED

Raymond C. Sodini
Former circuit court judge; sentenced to eight years in prison in 1987 after pleading guilty to taking bribes; lived across the alley from Rostenkowski; former member of ward organization.

Myron J. Kulas
Former state representative who lost re-election in 1992; now on county payroll; another 26th Ward remap refugee adopted by 32nd Ward.

Richard H. Jorzak
Former circuit court judge; sponsored by Rostenkowski; left bench in 1992 after illness.

Raymond Samow
Another neighborhood friend of Rostenkowski who became a circuit court judge; retired in 1983.

IN MEMORIAM

Norbert A. Kosinski
Former state senator died in 1978; member of 32nd Ward organization executive board; lived two blocks from Rostenkowski.

Walter J. Nega
Former state senator died in 1986; longtime aide to Rostenkowski and secretary/treasurer of 32nd Ward Democratic organization.

Robert J. Sulski
Former circuit court judge and 32nd Ward alderman died in 1991; neighborhood chum and best man at Rostenkowski's wedding.



William A. Jaskula
Former sanitary district commissioner died in 1983; 32nd Ward product and member of Rostenkowski's parish.

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Office Expenses Pay Off for Pols

Making a few extra bucks off their office expense allowances is a long-standing custom for Chicago politicians.

Enterprising officeholders have developed a system of buying a building for cheap and leasing it to themselves and their political allies, who generally tap their office allowances to pay the rent.

Rep. Dan Rostenkowski (D-Ill.) practically perfected the system.

During the last 25 years, Rostenkowski's family has received hundreds of thousands of dollars in government rents from two simple storefront buildings they own on North Damen Avenue.

The adjoining buildings at 2148 and 2150 N. Damen have served for years as the combined offices of Rostenkowski, Ald. Terry Gabinski (32nd) and the 32nd Ward Regular Democratic Organization.

In addition to the government-paid rents, records show, Rostenkowski's daughters have received additional income from one of the Damen buildings, possibly from secret 32nd Ward campaign funds the congressman once controlled.

The Damen building lease arrangements are separate from the \$73,000 rent the Sun-Times previously reported Rostenkowski's congressional campaign committee has paid him and his sisters since 1986 for a little-used office in a building at 1347-49 N. Noble. That office connects to his home.

A federal grand jury is investigating Rostenkowski's lease deals at both the Damen and Noble locations as part of its wide-ranging probe of the congressman's finances, sources said.

In an interview last year, Rostenkowski deflected questions about the Damen building leases, observing only that "values have skyrocketed" in the surrounding Bucktown neighborhood.

Both Damen buildings are held in land trusts and are leased through nominees for the Rostenkowski family, obscuring the ownership from the public. While Rostenkowski would be prohibited by law from renting his congressional office from himself, he is allowed to rent from a family member.

Rostenkowski's father, Joseph, bought the 2148 N. Damen building in 1967 for \$14,000. The congressman then moved his district office into the building and used his federal expense allowance to pay rent.

The congressman's two sisters became the building's owners after Joseph Rostenkowski's death and retained the lease. Last year alone, the sisters were paid \$18,000 rent from the federal government. Taxpayers also paid the utility bills for the office. Rostenkowski's lease with his sisters was first disclosed in a published report in 1977.

Rostenkowski bought the adjoining storefront at 2150 N. Damen in 1968 for \$6,000 and added an addition. The 2150 building then became the headquarters of Gabinski and the ward organization.

The congressman transferred ownership of the building to his four daughters in December, 1977, three days before he would have been required to disclose his income from the building under new federal ethics guidelines.

Records obtained by the Sun-Times show the building provided the daughters with gross income of \$16,000 in 1985, \$21,040 in 1986 and \$27,400 in 1987.

Some of that money came from Gabinski's aldermanic expense allowance. Gabinski has been paying \$12,000 a year in city funds since 1989 to rent his office from Rostenkowski's daughters, records show. Before 1989, aldermen didn't have to disclose how they spent their office allowances.

The source of the rest of the money the daughters got from the 2150 building for those years can't be discerned from public records.

The most likely source is secret political funds maintained by the 32nd Ward organization, the other occupant of the 2150 building.

Secret funds: Rostenkowski was allowed legally to control secret campaign funds, a luxury available to few national politicians, because he was the 32nd Ward Democratic committeeman from 1960 to 1988. Gabinski then became committeeman.

(Indicate page, name of newspaper, city and state.) Page 23
Chicago Sun-Times
Chicago, Illinois

Date: May 23, 1993
Edition: Late Sports Final

Title: OFFICE EXPENSES PAY OFF
FOR POLS

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

Loopholes in Illinois campaign finance laws allow committeemen to maintain campaign funds that are exempt from the normal public disclosure requirements.

In addition to its publicly reported campaign fund, Rostenkowski's ward organization has kept both a 32nd Ward Committeeman's Fund and a 32nd Ward Civic Fund, neither of which makes public reports.

The existence of the secret funds is shown in reports submitted by other campaign committees controlled by Rostenkowski and Gabinski. Those committees transferred at least \$42,000 to the two secret funds from 1987 to 1991, records show.

Committeemen are the elected leaders of their political party, and their funds are considered exempt from disclosure because the filing requirements apply only to candidates for public offices.

Because the funds do not report their finances, it is impossible for the public to determine how much money they control, the sources of that money or how it is spent.

Committeeman funds are supposed to lose their exemption from filing public reports if they spend \$1,000 or more to back a candidate for public office. The 32nd Ward appears to have exceeded that limit when it shifted \$3,056 from a non-reporting fund to Gabinski's aldermanic campaign fund on Oct. 22, 1991, Gabinski's records show.

Rostenkowski was forced to move his congressional office this year when redistricting put the Damen location in Rep. Luis Gutierrez's district. But the ward offices remain in the Damen buildings.

(Mount Clipping in Space Below)

Gabinski Quiet on Home Front

Ald. Terry Gabinski (32nd) is Dan Rostenkowski's guy in Chicago. Rostenkowski tapped the unknown 30-year-old former school-teacher to represent the 32nd Ward at City Hall in 1969, passing over several more-senior members of his Democratic ward organization.

Gabinski, 54, has repaid his mentor since with unquestioned loyalty. "He's the boss, and that's fine with me," Gabinski told Chicago magazine in 1991. "It's always been fine with me to be able to say, 'I'm with Dan Rostenkowski.'"

"Terry's always thought of himself as a surrogate to Danny," said talk show host/media consultant Dave Baum, who struck up a lasting friendship with Gabinski when each was a newcomer at City Hall.

Prosecutors investigating Rostenkowski in Washington, D.C., have tried to put that loyalty to the test, granting Gabinski immunity in an effort to compel his testimony before a federal grand jury.

Gabinski, who rarely wastes his breath on reporters, refused to answer questions from the Sun-Times.

Keeping quiet is the trait that has most distinguished Gabinski during his 24 years at City Hall. Rather than get involved in speech-making on the Council floor, he has made his mark by taking care of day-to-day ward problems.

Gabinski has shown little ambition for higher office, even though he is liked well enough by his City Council colleagues that he almost became mayor in 1987 when Harold Washington died. White aldermen attempted to advance Gabinski as a compromise successor before settling on Eugene Sawyer.

Gabinski is the city's vice mayor, a position that gives him a small staff and little power. As vice mayor, Gabinski would become acting mayor if for some reason Mayor Daley were unable to serve. He is considered one of Daley's closest friends on the Council.

In addition to the aldermanic post, Gabinski also is the 32nd Ward Democratic committeeman, a position he inherited from Rostenkowski in 1988 after patronage reforms had eliminated most of its clout. Gabinski is still believed to consult Rostenkowski on major ward or political matters.

Like his mentor, Gabinski is an avid golfer. He built a summer home within a mile of Rostenkowski's house in southeastern Wisconsin.

Also like Rostenkowski, Gabinski bills his campaign fund for Wisconsin golf outings and for dinners at Gibson's Steakhouse, 1028 N. Rush.

Gabinski takes full advantage of the perks of his office, charging city taxpayers for the rent and insurance on his Lincoln Town Car and for all of his mobile telephone bills—which have included many calls to his Wisconsin home, to the law offices of former Ald. Edward R. Vrdolyak, and to the office of his good friend Peter Huizenga, a major stockholder in Waste Management Inc. who runs an investment company, city records show.

On a 1985 questionnaire, Gabinski told the Sun-Times that his best quality was his patience, which came as news to those at City Hall who had witnessed his occasionally fiery temper. Some say he has been calmer since a 1991 heart attack.

Baum describes Gabinski as "a wonderful person—bright, articulate and family-oriented."

Gabinski was a bachelor until age 49. Until then, he listed his residence as his mother's house.

In 1987, he married Celeste Kropidowski, who had long worked on Rostenkowski's congressional pay-

roll. They now live with their two children in a town house in the 1400 block of West Altgeld that they bought for \$172,000 in 1987.

Gabinski built his summer home on Powers Lake, Wis., in 1988. Wisconsin tax records show the property is valued at \$427,000. Two other lots near the lake were recently bought in Gabinski's children's names for \$40,000 each.

(Indicate page, name of newspaper, city and state.)
Page 22
Chicago Sun-Times
Chicago, Illinois

Date: May 23, 1993
Edition: Late Sports Final

Title: GABINSKI QUIET ON HOME FRONT

Character:
or
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Indexing:

Gabinski, whose current city salary is \$55,000, has always been thought to be a full-time alderman with no outside business interests. But state records show that he is a licensed insurance agent.

He has told associates he is affiliated with Near North Insurance Agency, once owned by former Cook County Board President George Dunne and now operated by Democratic insider Michael Segal. Gabinski and Segal are partners with Rostenkowski's blind trust in a Wisconsin real estate deal.

58C-WF-180673 Sub N-9

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JUL 2 1993

83

(Indicate page, name of Page 22
newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

(Mount Clipping in Space Below)

Date: May 23, 1993
Edition: Late Sports Final

Getting the Alderman's Blessing

Title: GETTING THE ALDERMAN'S
BLESSING

Every Monday night, the residents and business people of the 32nd Ward line up for the opportunity to meet one-on-one with their alderman, Terry Gabinski.

They come to complain. They come for help. Whatever the grievance or problem, they get a chance to tell him to his face. First come, first served. Doors open at 7 p.m.

"Ward night," they call it, a tradition still followed by most of Chicago's aldermen. This is the good side of Chicago's old Democratic Machine—solving people's problems, clearing up gripes before they fester, earning loyalty and votes. On ward night, the alderman is equal parts political boss, ombudsman and social worker.

Ward night is just one of the techniques that has helped U.S. Rep. Dan Rostenkowski (D-Ill.) maintain control of his political base, the 32nd Ward, his launching pad to Congress and eventually to the chairmanship of the powerful House Ways and Means Committee.

The Rostenkowskis have controlled 32nd Ward politics for six decades, with no serious opposition for the last three. In younger days, Rostenkowski himself attended ward night, as had his father before him, Ald. Joseph Rostenkowski.

While Rostenkowski was dining with President Clinton just a few miles away in Lincolnwood recently, Gabinski carried on the ward night tradition at 32nd Ward headquarters, 2148 N. Damen.

Jose Venzor, a nattily dressed businessman, was first to sign in. He told Gabinski about plans to rehab a commercial building at Lincoln and Belmont. The development will require a zoning change and other help from City Hall.

"You have to go to the alderman first to get his blessing," Venzor explained. Gabinski was "receptive," he reported. "He said he would do whatever he can to help."

A group of about 30 residents showed up later to voice suspicions that Gabinski hadn't recognized their concerns about another development project.

The group, which included both recently arrived yuppies and older ethnic residents, demanded that Gabinski prevent a Milwaukee Avenue grocery from acquiring city property to expand its parking lot. The property on a dead-end street has been transformed by neighbors into a sculpture garden.

Gabinski told the residents that he was unaware of the expansion plans and promised to put a stop to them. Even the yuppies were impressed.

"I'm an anti-Daley voter, and I didn't trust him. But I've come to trust him," said Ed Pino, 42, recalling similar matters on which he and others have sought Gabinski's help. "As a liberal, it's real hard to vote for him. But he's come through."

Janet Jaffke, a 37-year-old clothing designer who was spokeswoman for the group, said Gabinski gets her vote, too.

"He's always tried to work something out for us," she said.

Gabinski also fielded a typical array of concerns from anyone willing to sign in and wait for an audience. A gaggle of aides and precinct captains waited nearby to help.

Miguel and Genevieve Arroyo, of the 1500 block of North Bosworth, wanted help with their water bill, which they said was too high because of a leaky water meter. Gabinski promised to take care of it, they said.

Mrs. Arroyo said she and her neighbors had come to ward night for similar problems many times before. "When we have little things, they do it for us," she said.

Mauro Sanchez said he had paid several visits to the alderman to enlist his help in a fight with City Hall over a complicated home remodeling project.

If you don't know anybody, it's difficult to get anything accomplished at City Hall, said Sanchez, a carpenter who lives in the 1800 block of North Winchester. When he tried to get the proper permits on his own, Sanchez found himself "bouncing back and forth from one desk to the next."

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

Gabinski assigned his top aide to straighten out the matter, Sanchez said. He said the aide asked only that he support Gabinski in his next election.

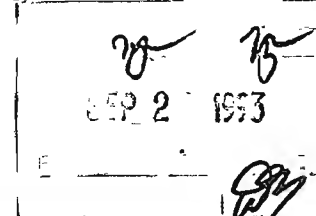
Unlike the ward night regulars, Emily Stromdahl, 32, was making her first visit. She was angry because city crews had posted temporary "no parking" signs on her street four days earlier and left them there. Nobody had shown up to do any work, leaving residents without daytime parking, she said.

She said she got madder when she called the alderman's office to complain and was given the brush-off. Stromdahl marched in on ward night with her children, Kathryn, 2, and Kenneth Jr., 1, in their stroller.

"My neighbors won't come here because they don't think they'll do anything," said Stromdahl, visibly exhilarated by her own assertiveness. She reported Gabinski told her that "he'll see what he can do."

Mark Brown and Chuck Neubauer

BCC-WF-180673 Sub N-10





SUN-TIMES/Bob Ringham

Cyril Pinder's Northside Cafe, 1635 N. Damen, is just down the street from the 32nd Ward office. The new ward contains trendy restaurants and Bucktown, one of Chicago's hottest neighborhoods.

b6
b7c(Indicate page, name of newspaper, city and state.)
Page 22
Chicago Sun-Times
Chicago, IllinoisDate: May 23, 1993
Edition: Late Sports Final

Title: BOOK BINDS BUSINESSES

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

(Mount Clipping in Space Below)



Book Binds Businesses

Every fall, the 32nd Ward Regular Democratic Organization publishes its "ad book"—a bound collection of advertisements from businesses and individuals who make campaign donations.

The 1992 book had 184 pages and more than 300 ads, mostly from businesses in the ward, but also from businessmen outside the ward who are friends of U.S. Rep. Dan Rostenkowski (D-Ill.) or Ald. Terry Gabinski (32nd).

A donation of \$500 or more gets you a gold page in the front. At the bottom of each page is a reminder: "Please patronize our advertisers."

"That's our ward. We like to help them out in case we need help," said advertiser Elliott Slutzky, owner of Coffee Unlimited, 2450 N. Greenview. Slutzky said he occasionally needs to have an abandoned car removed. "You put an ad in there, and at least they know your name when you call."

Patronage workers are expected to sell the ads.

"It's not like they put a gun to your head," said one former 32nd Ward captain.

58C-WF-180673 Sub N-11

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b7c(Indicate page, name of newspaper, city and state.)
Page 20
Chicago Sun-Times
Chicago, Illinois

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Rosty's Dad Blazed Trail

Joseph P. Rostenkowski, a Chicago alderman from 1931 to 1955, wanted something better for his son, Daniel.

So with the help of then-Mayor Richard J. Daley, he made his son a congressman in 1958.

Daley owed him. The elder Rostenkowski had been defeated for reelection in 1955 when he had supported Daley for mayor over a Polish candidate, Benjamin C. Adamowski.

"Big Joe Rusty," as he was called, represented the 32nd Ward from 1931 to 1933. A change of ward boundaries put him in the 32nd Ward in 1933, marking the beginning of his family's political dynasty in that ward.

After his 1955 defeat, Joseph Rostenkowski told reporters: "I'm going to get young men and young

women into the organization to give it life. And I'm going to build around my son, the senator." He gave the interview from his insurance office at 1372 W. Evergreen, which is now his son's home.



Joseph P.
Rostenkowski -

At the time, Dan Rostenkowski was a state senator, following the same path that his father had used to get to the City Council.

Joseph Rostenkowski made good on his comeback pledge, retaining the 32nd Ward Democratic committeeman's post at the next election. He passed along the office to Dan in

1960. He died in 1970 at age 77, spending his final years in a federal patronage post, U.S. collector of customs for the Port of Chicago. President John F. Kennedy made the appointment.

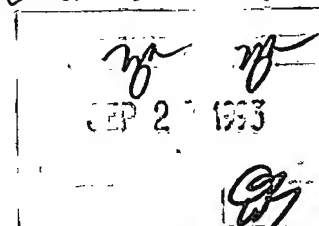
Date: May 23, 1993
Edition: Late Sports Final

Title: ROSTY'S DAD BLAZED TRAIL

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

58C-WF-180673 Sub N-12



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Rosty Keeps Payroll Jobs All in the Family

Government always has been a family affair for U.S. Rep. Dan Rostenkowski.

Rostenkowski, who followed in his father's political footsteps, has been joined on the public payroll at one time or another by each of his four daughters and his two sisters.

The Rostenkowski women mainly have gravitated to jobs with the Illinois General Assembly or City Council, where they obtained positions with legislators or aldermen beholden to his 32nd Ward Democratic organization.

The congressman, meanwhile, sometimes has been able to find jobs on his federal payroll for relatives of the politicians who hire his family members.

James E. Nedza is a notable example. Nedza, the son of former state Sen. Edward Nedza (D-Chicago), found a \$12,000-a-year spot with Rostenkowski's congressional staff from 1983 through 1986.

During that same four-year stretch, the senior Nedza hired Rostenkowski's youngest daughter, Stacy, and oldest daughter, Dawn, to his legislative staff, also at \$12,000 a year.

Stacy, now 32, was hired by Nedza in 1983 to "provide assistance in responding to constituent requests and researching issues," her contract states. Dawn, who is now 41, assumed her contract in mid-1985.

"I remember my father saying at one point that one of Dan's daughters was working for him," said the younger Nedza. But Nedza, now 36, said he was not aware of any job-swapping agreement between his father and Rostenkowski.

Nedza said he worked as a clerk for Rostenkowski while he was a college student at Illinois Institute of Technology.

Records show Stacy is a veteran of the state payroll, getting her first part-time job at age 15 for Sen. Norbert Kosinski, who was the 32nd Ward's man in Springfield until his death in 1978.

When Kosinski died, Stacy got a \$15,000-a-year contract with his replacement, Sen. Walter J. Nega, who had been Rostenkowski's long-time administrative assistant.

Nega's son Joseph has worked for the congressman for more than a decade. He is a \$77,628-a-year attorney for the Joint Committee on Taxation, which is part of Rostenkowski's Washington domain.

Another Rostenkowski daughter, Gayle, held jobs in the Aviation Department from 1975 to 1977, as a City Council investigator for 10 weeks in 1980, and as an aldermanic secretary from 1981 to 1984.

Gayle, 37, most recently surfaced on the state payroll in 1990, when she received \$6,000 in contracts to research and analyze environmental legislation for then-Rep. Myron Kulas (D-Chicago), the 32nd Ward's last man in the Legislature. "She was between jobs," said Kulas, who was defeated for re-election and now has a county job. "She needed some help. I helped her out for a time."

Kulas said the congressman did not ask him to hire his daughter.

Rostenkowski's other daughter, Kristie, 39, held jobs with former U.S. Rep. Morgan Murphy (D-Ill.) and former U.S. Sen. Alan J. Dixon. The daughters also have held private-sector jobs.

Rostenkowski's sisters also were government payroll veterans dating back to their father Joseph's days as 32nd Ward alderman.

Rostenkowski's late sister Marcia started working for the city in 1941 and made \$37,600 in 1991, the year she retired at age 71. She held mostly secretarial jobs for the City Council, working for then-Ald. Joseph Kotlarz (35th) and for Ald. Terry Gabinski (32nd), whose wife worked for the congressman.

Marcia's twin sister, Gladys, got her first City Council job in 1944 and retired from the court system in 1986.

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Chicago Sun-Times
Chicago, Illinois

Date: May 23, 1993
Edition: Late Sports Final

Title: ROSTY KEEPS PAYROLL
JOBS ALL IN FAMILY

Character:
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Submitting Office: Chicago

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58C-WF-180673 Sub N-13

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ROSTY'S EMPIRE UNDER SIEGE

Investigation Threatens Dynasty as Remaps Cut Power Base

By Mark Brown
and Chuck Neubauer
Staff Writers

As a precinct captain for the 32nd Ward Regular Democratic Organization, George Rendon is a supporting player in one of Chicago's last great political dynasties.

For more than 60 years, the family of U.S. Rep. Dan Rostenkowski has controlled 32nd Ward politics, and for the last 20 years, Rendon has delivered the votes in Rostenkowski's home precinct.

His credo: "When you help people, people never forget."

It's a tougher job than it used to be, what with patronage reforms at City Hall and racial changes in the neighborhood.

"You can't do what you used to do for the people," Rendon lamented recently, fondly recalling the days when the ward organiza-



Associated Press

Dan Rostenkowski

tion kept a "little kitty" of funds that precinct captains could draw on when a special need arose for a constituent.

But Rendon, 44, figures he has done his part to keep the organization strong by providing whatever little service might bring him the loyalty of his precinct's voters—even when that meant cutting their grass, painting their garages or bailing their sons out of jail.

But now Rostenkowski's Chicago empire is facing its most serious challenge ever, not from political opposition within the ward but from a federal grand jury in Washington, D.C. There's not much a precinct captain can do about that.

Investigators have focused increasingly on Rostenkowski's dis-

(Indicate page, name of Page 1
newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

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trict office operation, especially its relationship to Ald. Terry Gabinski and the 32nd Ward Democratic organization. The grand jury apparently is trying to determine, among other things, whether federal funds were used improperly to support either the aldermanic or political operations.

Rostenkowski, Gabinski and the 32nd Ward organization shared office space for about 25 years in a building rented with taxpayer funds from the congressman's family. Rostenkowski moved out in January after a remap put the office out of his district.

Such shared office arrangements are a hallmark of traditional Chicago Democratic Machine organizations, which treat ward politics as a sort of family business with many moneymaking opportunities.

Rostenkowski's 32nd Ward has maintained many other Machine traditions—a patronage army of loyal government jobholders, unreported political funds, family members on public payrolls, and a family-owned insurance business operating out of the ward office.

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As would be expected from a good precinct captain, Rendon won't discuss such things.

But he is not shy about espousing the virtues of the system that allowed him to rise from a job as the rear man on a garbage truck to his position as a \$55,000-a-year ward superintendent for the Streets and Sanitation Department. That makes him the boss of eight garbage crews and the point man for other 32nd Ward housekeeping chores.

"I was the first Latino precinct captain in the 32nd Ward organization," Rendon said. "They always treated me real good. For being a

minority, they treated me good."

Rendon's parents were one of the first Mexican-American families to move into St. Stan's parish—more formally, St. Stanislaus Kostka—the Near Northwest Side neighborhood where Rostenkowski still lives.

While the once-Polish area is now predominantly Hispanic, the seeds of gentrification have been sown as rehabbers buy up the 100-year-old brick homes.

Rostenkowski grew up there, as did many of the boyhood chums whom he later sponsored for judge-ships and other government positions. He still can be spotted occasionally walking his dog and attending church or a wake. But he no longer hosts the big Christmas and Easter parties for children at Pulaski Park that were a neighborhood tradition.

"Many of our people don't know who he is," said Dora Gomez, 52, a neighborhood resident who volunteers at Centro Sin Fronteras, a community group that is a thorn in the side of the 32nd Ward organization.

The congressman and his wife reside in a compound of buildings on the northeast corner of Evergreen and Noble, just across from the church and the park. His home is isolated on a narrow strip between the Kennedy Expressway on the east and the park on the west, which serves somewhat as a buffer from the impoverished area on the other side.

Rostenkowski inherited the property from his father, Joseph, who started the family dynasty by getting elected alderman in 1931.

Joseph Rostenkowski held the seat until 1955, when he lost in an upset. Even then he kept the Democratic ward committeeman's post until his organization could

recover the City Council seat at the next election.

He passed along the committeeman's job in 1960 to his son, who passed it on in 1988 to Gabinski. But Rostenkowski remains the ward's unquestioned political power, said David K. Fremon, author of the *Almanac of Chicago Politics*.

Joseph Rostenkowski, who died in 1970, would scarcely recognize the new 32nd Ward. Recent city redistrictings have dramatically shifted the ward boundaries north and east.

And in the new 5th Congressional District, very little of Rostenkowski's old turf remains. The new district starts in Lincoln Park and sweeps through the Northwest Side into the near west suburbs, stopping at the county line.

Milwaukee Avenue, the street most closely identified with Chicago's Polish community, once practically bisected the 32nd Ward. But the 1992 remap version contains only a three-block stretch. In place of Milwaukee are long stretches of the diagonal streets more associated with Chicago's yuppies: Clybourn and Lincoln avenues.

Instead of Sophie's Busy Bee, the landmark Polish diner beneath the L tracks at Damen and North Avenue, the new 32nd Ward has the Bub City Crabshack, a Lettuce Entertain You theme restaurant in the Clybourn corridor.

Damen Avenue, one of the ward's other main arteries, has been transformed from a seedy commercial-industrial strip into the bustling hub of Bucktown, one of Chicago's hottest neighborhoods.

"Even three summers ago, there was a crack house across the street," recalled Cyril Landise, 47, who now has roller bladers skating up to the sidewalk tables of his Northside Cafe, 1635 N. Damen, just down the street from the 32nd Ward office.

Even the ward office has a new, upscale next-door neighbor, the Babaluci, an Italian eatery where Gabinski and his workers occasionally can be spotted spooling pasta.

Frank Amanti, 30, the restaurant's owner, caters to yuppies but said he still draws some of the older Polish residents who caution "no spice."

Most striking of all, however, are the changes in Rostenkowski's home precinct, which is one of the most run-down in the ward. But the 1992 city remap cut most of the precinct out of the 32nd Ward, leaving only the lonely little strip where Rostenkowski lives. The rest of the neighborhood is now part of

the 1st Ward.

"The neighborhood where he ran around as a snot-nose kid isn't even in the ward anymore," Emma Lozano said with a laugh.

And Lozano would like to think she is at least partly responsible.

"I think Rostenkowski thought he had to give up on this neighborhood when the Rostenkowski Playlot became the Rudy Lozano school," said Lozano, a neighbor of the congressman and director of Centro Sin Fronteras.

Lozano was referring to a new school that is being built just down the street on what had been the site of a Park District playlot. The little park was named for Joseph Rostenkowski, the organization's patriarch.

The new school building is to be named for Rudy Lozano, a onetime independent aldermanic candidate on the Southwest Side whose 1983 murder remains a rallying point for Hispanic political activists.

Lozano, Rudy's sister, has teamed up with Uptown activist Walter "Slim" Coleman to serve as an irritant to the 32nd Ward organization, even though both were soundly trounced in respective campaigns for alderman and Democratic committeeman. They did manage to get elected to the local school council. Lozano is president.

Rendon said, "The alderman told us not to get involved in the school board. We would have beat them if we ran our own candidates."

The 32nd Ward organization was not about to stand on the sidelines, however, when Lozano and Coleman tried to organize a local advisory council at Pulaski Park. The Regulars did a better job of stacking the meeting and elected their own slate with Rendon as president.

Although Lozano's group sees discrimination against Mexicans in such tactics, other longtime residents complain that the organization favors them.

"Rostenkowski is bending over backward for the Spanish people," said Ted Kozlowski, 62, a retired Cook County sheriff's employee who lives down the street from Rendon. "Almost every job in this neighborhood is going to Spanish."

Rendon is one of at least 11 city workers on the 18-member executive committee of precinct captains that advises Gabinski on ward affairs, records show. Many of them work in the Water Department, a 32nd Ward stronghold. Several have worked on the alderman's staff.

Rendon remains one of the few Hispanics in important positions in the 32nd Ward organization, even though Hispanics comprised about half of the ward's residents before the 1992 remap.

Rostenkowski still enjoys idol status among Polish Americans, while Gabinski is known as the one who handles everyday problems.

"The old-timers talk very, very highly of them," said Sophie Madej, proprietor for the last 28 years of the Busy Bee, where Rostenkowski is known to place a carry-out order for grilled pork chops and chicken noodle soup when he's in town.

"They've been doing a good job. People like them. Why change something if you don't have to?"

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New Luxury Wheels Take Rosty to Work

By Michael Briggs
Sun-Times Washington Bureau

WASHINGTON—Rep. Dan Rostenkowski (D-Ill.) is being chauffeured to and from his Capitol Hill office this week in a new Lincoln.

The congressman's chief spokesman, James M. Jaffe, said no taxpayer money was spent on the car used by Rostenkowski, whose vehicle leases in Chicago have been scrutinized as part of a grand jury investigation of his finances.

The white Lincoln Town Car was purchased, according to the spokesman, by William T. Crippen, a longtime staff assistant to the House Ways and Means Committee, which Rostenkowski chairs.

List prices for the luxury car range from \$35,000 to \$39,000, according to a salesman at the suburban Virginia dealership that issued a temporary license for the vehicle.

Crippen was paid \$59,123 last year from Ways and Means Committee funds, including a \$3,000 Christmas bonus.

Crippen's main job is to prepare the committee room for meetings, keep people who are not congressmen out of closed sessions and otherwise, as Jaffe put it, "to keep everything under control" for the committee that writes tax laws.

In addition, he is the chairman's driver. Before buying the new car, he drove the chairman around

Washington in a 1987 Lincoln Town Car registered in his own name in the District of Columbia.

Congress provides cars and drivers in Washington for its highest ranking leaders, but not for committee chairmen.

The new car was parked this week on a street corner outside the Longworth House Office Building, where the committee is headquartered, at a space in front of a fire hydrant and a "no parking anytime" sign.

Crippen could not be reached for comment. A call to him at the Ways and Means Committee was diverted by a receptionist to Rostenkowski's press office.

In the House, the speaker, the majority leader and minority leader are provided cars and drivers. Each party's chief whip is entitled to a car and driver as well, but neither Majority Whip David E. Bonior (D-Mich.) nor Minority Whip Newt Gingrich (R-Ga.) takes advantage of the "perk."

Other members may use office expense accounts to lease cars in their district or in Washington for use on official business, as Rostenkowski has done in Chicago.

As part of a wide-ranging investigation of Rostenkowski's personal, campaign and congressional finances, a grand jury here has subpoenaed records relating to the congressman's ownership of three vehicles in Illinois for which taxpayers were charged at least \$73,000 in lease fees.

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Chicago Sun-Times
Chicago, Illinois

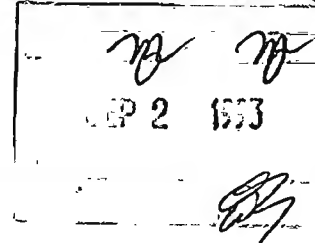
Date: May 28, 1993
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ROSTY TO WORK

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newspaper, city and state.)
Chicago Sun-Times
Chicago, IllinoisDate: June 2, 1993
Edition: Late Sports FinalTitle: ROSTENKOWSKI REGAINS
HIS STRIDECharacter:
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Rostenkowski Regains His Stride

Rep. Dan Rostenkowski, the Northwest Side's most renowned Democrat, is back at the top of his game.

Rostenkowski, 65, seems to be surviving the most grueling year of a political career that spans five decades. Not just surviving but doing quite well. He is emerging as President Clinton's chief legislative ally. If there was a Comeback of the Year award for major league politics, Rosty would have it just about locked up for the '93 season.

More than anyone else, Rostenkowski was responsible for Clinton's first major legislative victory: the House of Representatives' approval of a \$250 billion tax increase. Rostenkowski guided the bill through his Ways and Means Committee, made an impassioned speech in behalf of Clinton's tax hike before a reluctant Democratic caucus, and lined up endorsements for Clinton's program from prominent business leaders. "My agenda is your agenda," Rostenkowski told Clinton last winter. And Rostenkowski has kept his word.

Hillary Rodham Clinton, who is leading the president's health care task force, is no less dependent on Rostenkowski than her husband. Rostenkowski will be a major player in shaping the Clinton administration's health care initiatives.

For more than a year, Rostenkowski has been troubled about a probe into his office by the U.S. attorney's office in the District of Columbia. There have been allegations of possible money laundering in connection with the House Post Office. Rostenkowski vehemently denies that he has done anything wrong; and he contends that the investigation was a "political fishing expedition."

The Rosty probe was launched by

lame-duck Republican U.S. Attorney Jay Stephens, who has since been removed by Clinton and has dropped hints about running for the U.S. Senate. Stephens has a flair for publicity. He once indicted Bobby Fischer for playing chess in Yugoslavia. Stephens was guilty of overkill in the prosecution of former Washington D.C. Mayor Marion Barry. Stephens chatted about the Rostenkowski

probe on national television, which boosted the prosecutor's profile but wasn't entirely fair to the Chicago congressman. There is a growing perception that Stephens may have wanted Rostenkowski as a trophy to launch a political career. Acting U.S. Attorney Ramsey Johnson, a career prosecutor who is now conducting the investigation, is more interested in practicing law than in making headlines. A decision is expected soon.

Rostenkowski, who won re-election by the thinnest margin of his 34-year congressional career in '92, told confidants last winter that he may have stayed on too long. But Rostenkowski, who enjoys his working relationship with Clinton, is making plans to seek re-election in '94. Lawyer and City Colleges Board member Ed Czadowski, a longtime associate, is putting together Rostenkowski's re-election committee.

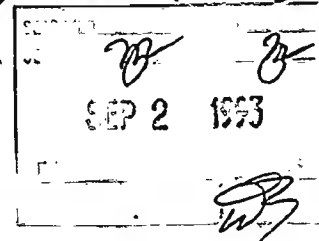
State Sen. John Cullerton (D-Chicago) and Ald. Eugene Schuler (47th) have explored the possibility of challenging Rosty. Former Ald. Dick Simpson, who lost to Rostenkowski in the '92 primary, is making another attempt. Rostenkowski, though, isn't concerned about such competition. Rep. Nancy Kaszak (D-Chicago), though, could be a formidable rival. Rostenkowski wouldn't take her challenge lightly.

Steve Neal is the Chicago Sun-Times political columnist.



Steve Neal

580-WF-180673 Sub N-16



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Rosty Buys First Stamps Since Postal Probe Began

By Michael Briggs

Sun-Times Washington Bureau

WASHINGTON—Rep. Dan Rostenkowski has charged stamps to his congressional expense account for the first time in the year since a federal grand jury subpoenaed records of the Chicago Democrat's unusually large stamp purchases.

A new report on congressional spending shows that a voucher was submitted Feb. 3 for 1,000 29-cent stamps purchased Dec. 1 from the House post office.

The last time stamps were bought for Rostenkowski with taxpayer money was May 4, 1992, when his office bought 1,724 stamps worth \$499.96. That was two days before a federal grand jury subpoenaed Rostenkowski's records as part of an investigation of the House post office.

Rostenkowski has billed taxpayers for more stamps than any other House member. Since 1986, during the period covered by the first subpoena for Rostenkowski's expense records, his office was billed for more than \$29,000 worth of stamps. His political committees spent another \$26,000 at the House post office.

Rostenkowski has denied any wrongdoing. One line of inquiry in the grand jury probe apparently is whether congressmen or their aides illegally exchanged government expense vouchers or campaign checks for cash from the House post office through sham transactions disguised as stamp purchases.

It remains unclear why Rostenkowski's office would need to buy so many stamps, as the franking privilege lets members of Congress send almost all their official mail without stamps.

There are legitimate reasons to put stamps bought with congressional funds on official business packages not covered by the franking privilege, for instance, for special postal services such as Express Mail, overseas or registered mail.

A spokesman for Rostenkowski declined to comment Thursday.

"I mail a lot," was how Rostenkowski once explained his large postage purchases.

The latest stamp charges billed to Rostenkowski's congressional office were detailed in a report on payrolls and expenses published quarterly by the House clerk.

The report shows that Rostenkowski no longer rents a mobile office, which came under grand jury scrutiny after the Chicago Sun-Times disclosed that he had charged taxpayers at least \$68,250 to lease three vehicles that became his personal property.

The report also showed Rostenkowski's office was paying \$1,500-a-month rent through January for space at 2148 N. Damen in Chicago in a building owned by his sisters. Because Rostenkowski's congressional district boundaries were redrawn after the 1990 census and the building now is outside his district, he opened new offices this year at 818 W. Fullerton, which he rents for \$2,360 a month, and at 4849 N. Milwaukee, which he rents for \$2,000 a month, according to House records.

In the latest development in the post office probe, Gerald W. Weaver II, a former aide to a Pennsylvania congressman, was sentenced Wednesday to two years in prison for obstruction of justice and drug dealing on Capitol Hill. R. Kenneth Mundy, Weaver's attorney, asked the judge to lighten Weaver's sentence because he cooperated with prosecutors.

(Indicate page, name of Page 28
newspaper, city and state.)Chicago Sun-Times
Chicago, IllinoisDate: July 2, 1993
Edition: Late Sports FinalTitle: ROSTY BUYS FIRST STAMPS
SINCE POSTAL PROBE BEGANCharacter:
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CAPITAL LETTERS

THE SUN-TIMES WASHINGTON BUREAU TRACKS ILLINOISANS

By Michael Briggs and Basil Talbott

One of Rep. Dan Rostenkowski's daughters, Kristie, has left her job in the Chicago office of Sen. Carol Moseley-Braun. A longtime government payroller, the daughter of the House Ways and Means Committee chairman had worked for Sen. Alan Dixon and was on the staff of former congressman Morgan Murphy. All four of Rostenkowski's daughters have been on public payrolls at one time or another.

A tipoff to Rostenkowski's leanings on the Freedom of Choice Act might be a survey he took in his new congressional district. The more than 9,000 constituents who responded favored abortion rights by a 3-1 margin. Rosty is among four congressmen from Illinois who have straddled the fence on the abortion issue. He and suburban GOP lawmakers John Porter and Harris Fawell and Springfield Democrat Dick Durbin voted for Rep. Henry Hyde's ban on Medicaid payments for most abortions, but have been open to a Freedom of Choice Act that sponsors say would protect a woman's right to abortions. Rosty spokesman Pat Jones said the chairman still is undecided.



Dick Durbin

At least one Democrat benefitted from a Republican victory in last month's special Senate election in Texas. The "sold" sign finally went up outside the Capitol Hill house that Dixon owned. The former Illinois senator will turn over the keys to GOP freshman Sen. Kay Bailey Hutchison. The deal was arranged by ace Capitol Hill real estate agent Harriet Pressler.

Speaking of Capitol Hill real estate, Durbin has moved into the crowded apartment where former Rep. Marty Russo stayed until he lost his Chicago area seat in Congress and became a lobbyist.



John Porter

The increasingly influential Downstate congressman took over Russo's bedroom in the apartment-three-blocks from the Capitol and is sharing it this summer with his son, Paul, a law student who is a White House intern. Rep. George Miller (D-Calif.) owns the two-bedroom apartment. His son, Steve, also a law student, moved in for the summer. Another boarder, Rep. Chuck Schumer (D-N.Y.), sleeps downstairs in the living room, and Rep. Sam Gejdenson (D-Conn.) also sacks out downstairs. "We order out pizzas at night, and members come over at night to socialize," Durbin said. "It's better than the futon I had been sleeping on in the living room of another apartment."

During the congressional recess that ends today, Sen. Paul Simon held a dozen town meetings in Illinois, including two in Chicago. After a short trip home for a Fourth of July speech to the Chicago Historical Society, Moseley-Braun hurried back to Washington. Lynnette Moten, her press secretary, said the senator was occupied planning a round of...

Budget Talks Will Test Dems' Clout

By Eric Pianin
Washington Post

WASHINGTON—This week's House and Senate negotiations on a budget package will provide the most telling test yet of the Democrats' ability to rule after 12 years of Republican control of the White House.

With congressional Republicans opposed to President Clinton's tax policies, House and Senate Democrats have been left on their own to craft and pass major deficit reduction packages.

Democratic negotiators, led by Senate Finance Committee Chairman Daniel Patrick Moynihan of New York and House Ways and Means Committee Chairman Dan Rostenkowski of Illinois, must reconcile differences in the two budget bills without destroying the coalitions forged to pass them.

"We're all very much aware of what the constraints are on both sides, and the business both these chairmen are about is nothing less than saving the Democratic presidency and showing that the Democratic Party can govern," said Lawrence F. O'Donnell Jr., the Finance Committee's staff director and chief counsel.

Western and southern conservative Democrats in the Senate, who forced the leadership to drop the president's broad-based energy tax and cut more deeply into Medicare and other spending, are warning that their support could evaporate if those changes are lost during the negotiations.

Moderate and liberal House Democrats are urging conferees to scrap the gasoline and Btu taxes in favor of higher taxes on corporations and wealthy Americans.

Black and Hispanic House Democrats, meanwhile, are threatening to withdraw support unless negotiators agree to funds for "empowerment zones" that would promote investments in 10 depressed urban and rural areas.

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Page 7
Chicago Sun-Times
Chicago, IllinoisDate: July 20, 1993
Edition: Late Sports Final

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Rosty Expected to Hang Tough

Allies Are Unwilling to Abandon Him

WASHINGTON—It was unclear Monday what effect the new disclosures in the House post office scandal would have on Rep. Dan Rostenkowski's ability to negotiate a deficit reduction agreement in Congress on behalf of President Clinton, but associates said they expected the powerful lawmaker to tough out the assault.

Guessing an indictment of the Chicago Democrat was in the works, former Rostenkowski aide Tom Sneeringer predicted, "He will gut it out. He'll file in November and be re-elected while he is standing for trial."

Rostenkowski, chairman of the House Ways and Means Committee, is viewed as the key to fashioning a deficit reduction package with just the right mix of taxes and spending cuts that can pass House muster. He heads the House group in the House-Senate conference committee that began negotiations last week and is expected to hammer out a compromise before the summer ends.

"This couldn't have come at a worse time for him or for the administration," said Chicago-based Democratic consultant David Axelrod.

The administration had no comment on the latest development, but an official indicated the White House would support its key legislative ally.

"He's been a true champion of the president's program," Rahm Emanuel, an assistant to the president and deputy director of communications, said of Rostenkowski. "He's been not only a loyal soldier, but a real leader."

For the moment, House Democratic leaders were geared to defend Rostenkowski, while Republicans generally seemed not too eager to take on the powerful chairman personally, settling instead for broad partisan swipes.

"Democrats have proven once again that power corrupts and absolute power corrupts absolutely," said Rep. Dick Armey (R-Texas). "After 40 years of uninterrupted House rule, it's sad but not surprising that Democrats don't realize it's wrong to chisel taxpayers out of thousands of dollars."

In Democratic leadership offices, aides noted that Rostenkowski was not mentioned by name in the Justice Department documents and had not been indicted. Any committee chairman who is indicted must give up the chairmanship, according to a Democratic rule.

The Democratic aides surmised Rostenkowski would keep his committee chairmanship and remain a negotiator on the House-Senate conference committee.

"This will blow over," predicted Rep. Bill Richardson (D-New Mexico), another member of the conference committee. Without an indictment, Rostenkowski's influence and ability will be unaffected, he said.

Another reason Democrats have their fingers crossed is that the party has no strong backup to replace Rostenkowski. Next in seniority and Rostenkowski's presumed successor as Ways and Means chairman is Rep. Sam Gibbons (D-Fla.), who walked out of the first conference committee meeting last week minutes after it began muttering loudly "this is political BS."

One Democratic staffer who would like to get rid of Rostenkowski said, "there are no good choices for that job."

One Republican on the conference committee, Rep. John T. Myers (R-Ind.), remarked otherwise: "He should get off the committee for the good of Congress and for his own good. He will need the time."

Title: ROSTY EXPECTED TO
HANG TOUGHCharacter:
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Myers' call opens the GOP to charges of hypocrisy. While Democrats have a rule that automatically removes chairmen under indictment, Republicans have none. They have refused to remove indicted Rep. Joseph M. McDade (R-Penn.) from his ranking post on the Appropriations Committee.

Also, Republicans have never been eager to go after Rostenkowski, who they have viewed as a Democrat with whom they can deal.

Rostenkowski also has powerful Republican friends in the House, including Minority Leader Rep. Robert Michel and Rep. Henry J. Hyde (R-Ill.), the fourth-ranking member in the GOP leadership.

"I am reluctant to say that Dan is one of the congressmen referred to in the documents," said Hyde. "He hasn't been named and he is a friend."

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(Indicate page, name of newspaper, city and state.) Page 7
Chicago Sun-Times
Chicago, Illinois

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Date: July 20, 1993
Edition: Late Sports Final

Title: HOW THE CASE HAS
UNFOLDED

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or
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Submitting Office: Chicago

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How the Case Has Unfolded

How Rep. Dan Rostenkowski's problems with an investigation of the House post office have developed:

■ May 6, 1992: A federal grand jury investigating criminal activity by House post office employees issues subpoenas for the expense records of three congressmen, including Rostenkowski.

■ May 23, 1992: Congressional Quarterly magazine reports that James C. Smith, a House post office supervisor, has told federal investigators he helped members of Congress get thousands of dollars in cash through phony transactions disguised as stamp purchases. The magazine reports Rostenkowski had charged the government \$24,776 for stamps in six years, the most of any congressman.

■ July 24, 1992: Rostenkowski and the other two congressmen under investigation in the stamp probe announce they will refuse to testify before the grand jury, asserting their Fifth Amendment right against self-incrimination. They call the probe a "politically motivated witch-hunt."

■ Sept. 17, 1992: Former House post office Chief of Staff Joanna G. O'Rourke pleads guilty to misdemeanor charges after prosecutors agree to drop a felony

charge in exchange for her cooperation in the investigation.

■ Nov. 3, 1992: Rostenkowski wins 18th term in Congress.

■ Dec. 1, 1992: The Chicago Sun-Times reports that the grand jury has subpoenaed records from Rostenkowski's 1992 re-election campaign.

■ Dec. 13, 1992: A Sun-Times investigation discloses that Rostenkowski has paid more than

\$73,000 in campaign funds to himself and his sisters for a little-used campaign office.

■ Dec. 14, 1992: In addition to buying \$29,000 in stamps from the House post office with tax dollars since 1986, Rostenkowski also used \$26,000 in political funds for stamp purchases, the Sun-Times



Jay Stephens

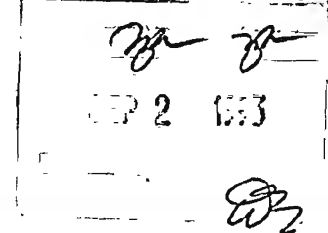
reports.

■ Jan. 7, 1993: Media reports disclose that the grand jury probe has widened to include Rostenkowski's campaign office lease arrangement and other aspects of his personal finances.

■ Jan. 11, 1993: Lawyers for Rostenkowski ask a federal judge to plug what the congressman complains are leaks to reporters by prosecutors.

■ Jan. 24, 1993: A Sun-Times investigation discloses that Rostenkowski took personal ownership of three vehicles for which taxpayers had been charged at

58C-WF-180673 Sub A-20



least \$68,250 in lease payments to a Wilmette car dealer.

■ Feb. 10, 1993: The Sun-Times reports the grand jury has subpoenaed the Wilmette car dealer's records involving Rostenkowski's vehicle acquisitions.

■ Feb. 12, 1993: A federal judge dismisses Rostenkowski's complaint that prosecutors leaked information to reporters about the grand jury investigation.

■ March 23, 1993: Controversy arises when new U.S. Attorney General Janet Reno asks for the immediate resignation of all holdover U.S. attorneys, including the prosecutor in the Rostenkowski case, Jay Stephens. Stephens says he was within 30 days of making a "critical decision" in the case. Reno says later that she has ordered Stephens' replacement to go "full steam ahead" in the post office investigation.

■ May 23, 1993: The Sun-Times reports that Rostenkowski's family has received hundreds of thousands of dollars in government-paid office rents from two storefront buildings they own on Damen Avenue. The lease deals are under investigation by federal probes looking increasingly at Rostenkowski's Chicago operations, including the 32nd Ward Regular Democratic Organization.

■ July 19, 1993: Former House Postmaster Robert V. Rota pleads guilty to conspiracy and embezzlement while admitting he allowed his office to be used as a convenient and largely untraceable source of illegal cash for congressmen. Court documents cite one of the recipients of illegal cash as Congressman A, whose description fits Rostenkowski.

Biography of Congressional Powerhouse

Rep. Dan Rostenkowski (D-Ill.) is Chicago's most powerful congressman.

He's the guy Mayor Daley and Gov. Edgar count on to bring home the bacon, as have mayors and governors before them. And aside from the president, there's probably nobody with more influence on the nation's tax policy.

Here are the biographical facts:

Political career: Chairman of the tax-writing House Ways and Means Committee since 1981. As chairman, he played a major role in the tax reform bill of 1986.

Elected to the Illinois House in 1952 at age 24, becoming its youngest member. Two years later, he became the youngest member of the Illinois Senate. Became the youngest member of Congress in 1958. Re-elected 17 times, rarely getting less than 60 percent of the vote. 32nd Ward Democratic committeeman from 1960 to 1988.

Personal: Born Jan. 2, 1928, to Joseph and Priscilla (Dombrowski). Married La Verne Pirkins in 1951. They have four daughters. Resides in a family-owned complex of buildings at Noble and Evergreen streets on the Near Northwest Side. His father was a powerful ward boss, serving as either 32nd Ward alderman, committeeman or both from 1931 to 1960.

Military: Served in the Army in Korea.

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b7C(Indicate page, name of newspaper, city and state.) Page 1
Chicago Sun-Times
Chicago, Illinois

(Mount Clipping in Space Below)

Date: July 20, 1993
Edition: Late Sports FinalTitle: PROBE TIGHTENS ON
ROSTENKOWSKICharacter:
or
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Probe Tightens On Rostenkowski

Court Case Ties Congressman To Post Office Embezzlement

WASHINGTON—Rep. Dan Rostenkowski (D-Ill.) was implicated Monday in the embezzlement of tens of thousands of dollars from the House post office.

Without identifying Rostenkowski by name, prosecutors divulged information pointing to the Chicago congressman in federal court where the former House postmaster, Robert V. Rota, pleaded guilty to misdemeanor charges.

Those charges detailed bogus stamp purchases by a "Congressman A." The Chicago Sun-Times reviewed expense reports for all 435 House members and spending by "Congressman A" matched only that of Rostenkowski.

Rota agreed to cooperate with prosecutors in pleading guilty to misdemeanor charges of conspiracy to violate U.S. laws, embezzlement and aiding and abetting a scheme to give cash out of funds from the House post office to members of Congress.

Interim U.S. Attorney J. Ramsey Johnson said the plea bargain will "greatly aid our ability to resolve the allegations of corruption at the House post office."

Rostenkowski has denied wrongdoing. He had no comment on the latest development in the investigation, which has dogged him for more than a year and cast a shadow over his leading role in negotiations on President Clinton's budget and health reform programs. If indicted, Rostenkowski would have to step down from his Ways and Means Committee chairmanship.

In court and in legal papers detailing the charges against Rota, prosecutors said the former postmaster funneled as much as \$40,000 in public money to House members in sham transactions disguised as stamp purchases for their congressional offices. Documents indicated that about \$21,300 was given to Rostenkowski.



Robert V. Rota

"Mr. Rota personally allowed the House post office to be used as a convenient and, until this investigation, largely untraceable source of illegal cash for selected congressmen," Assistant U.S. Attorney Thomas J. Motley told U.S. District Judge Norma Holloway Johnson.

The charges against Rota listed false stamp purchases by two House members: "Congressman A" and "Congressman B." The

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Sun-Times' review of all House members' quarterly expense reports showed that only Rostenkowski's filings matched amounts and dates of expenditures attributed to "Congressman A."

The same House records of ostensible stamp purchases for former Rep. Joseph Kolter (D-Pa.) match all seven transactions that Rota admitted arranging for "Congressman B."

A former federal prosecutor in Chicago said there was no legal reason not to identify the congressmen by name, but he speculated that the code-name device was a tactic intended to aid investigators trying to squeeze more information from witnesses.

There were other references in the charges that pointed to Rostenkowski.

Prosecutors said "Congressman A" insisted that Rota install a trusted patronage worker in a post office job handling cash. The prosecutors' description, again without naming names, fits James C. Smith, who owed his patronage job in the post office to Rostenkowski. Smith retired from the post office in April.

Prosecutors also told the judge that Rota cashed checks at the post office that were written on congressional campaign and political action committee accounts. Rostenkowski is one of the few congressmen who controls a PAC. Of the \$55,000 in stamps supposedly purchased since 1986 at the House post office for Rostenkowski, about \$26,000 was reported to have been bought by the Rostenkowski for Congress Committee and his America's Leaders Fund.

The more than \$29,000 billed to Rostenkowski's congressional office for stamps was more than for any other House member during the period covered by a grand jury subpoena for Rostenkowski's records, an amount that raised questions because members of Congress may mail almost all correspondence without stamps by using franking privileges.

After Monday's hearing, Rota brushed by reporters without commenting. He faces up to three years in prison and a \$300 fine, but prosecutors may recommend a lighter sentence.

Rota, 58, was postmaster from 1972 until 1992, when he was forced out of his \$119,000-a-year job in the preliminary stages of the investigation, sparked by a stamp clerk's theft of \$20,000.

Federal investigators first had heard complaints in 1979 about sham stamp purchases by House members. A former secretary, angry because she was fired, is said to have blown the whistle. At that time, Rota lied to investigators about the payments and urged another post office worker to help cover up the arrangement, he admitted at Monday's court hearing.

The practice continued "after this successful cover-up," the prosecutor told the judge. Rota personally handled stamp vouchers totaling \$11,500 for "Congressman A" during a two-year period from 1985 to 1987, Motley said.

The transactions stopped for a while after the longtime supervisor of accounts at the post office retired in 1987 and was replaced by a stranger to Rota, the prosecutor said. Congressmen still pressed Rota for money, but he said that he refused because he did not trust the new worker. Rostenkowski's congressional expense records indicate he continued to buy stamps, including a \$3,000 purchase.

By 1989, however, the supervisor of accounts job opened up again. "With the personal intervention and insistence of Congressman A, Mr. Rota promoted a longtime House post office employee, who was a patronage employee of Congressman A, to be the new supervisor of accounts," the prosecutor said. That description fits Smith, a former Rostenkowski protege who cooperated with investigators.

Shortly after the new supervisor was installed, "Mr. Rota explained to him that they would give cash to Congressman A in exchange for postage vouchers because Congressman A took care of them and they should take care of Congressman A in return," Motley said.

The payments resumed, according to the prosecutor, and in a 21-month period in 1989-91, Rota handled stamp vouchers totaling \$9,800 for "Congressman A."

There was no evidence that Rota pocketed any money himself.

Contributing: Jerome R. Watson at the White House, Basil Talbott on Capitol Hill and Mark Brown and Charles Nicodemus in Chicago

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA

CRIMINAL NO.

VIOLATIONS: 18 U.S.C.
Section 371
(Conspiracy to Violate the Laws
of the United States);
18 U.S.C. Section 641
(Embezzlement of Government
Property);
18 U.S.C. Section 2
(Aiding and Abetting and Causing
an Act to Be Done)

ROBERT V. ROTA

19. On numerous occasions between 1978 and 1980, defendant ROTA gave cash from funds maintained at the House Post Office to each of several Members of the House of Representatives, including Congressman A, in exchange either for the Member's official voucher made out for postage, or for postage stamps that the Member had previously obtained by voucher from the House Post Office.

Voucher Date	Voucher Number	Member	Amount	Description of Services Stated on Voucher
5/1/85	263851	Congressman A	\$1,100	Postage Stamps
7/10/85	263853	Congressman A	\$ 900	Postage Stamps
12/20/85	263856	Congressman A	\$2,000	Postage Stamps
4/10/86	263854	Congressman A	\$1,200	Postage Stamps
8/7/86	263847	Congressman A	\$2,100	Postage Stamps
5/30/86	263848	Congressman B	\$1,000	Postage Stamps

10/29/86	263849	Congressman A	\$1,400	Postage Stamps
12/21/86	262751	Congressman B	\$2,000	Postage Stamps
4/8/87	262793	Congressman A	\$2,800	Postage Stamps
4/8/87	262799	Congressman B	\$ 600	Postage Stamps
5/21/87	262809	Congressman B	\$ 700	Postage Stamps

Voucher Date	Voucher Number	Member	Amount	Description of Services Stated on Voucher
7/26/89	104790	Congressman A	\$2,000	25 Cent stamps
12/25/89	262862	Congressman B	\$1,000	Postage stamps
12/29/89	516275	Congressman A	\$1,500	25 cent stamps
4/25/90	249755	Congressman B	\$2,000	Postage stamps
4/26/90	120734	Congressman A	\$2,300	25 cent stamps
12/13/90	249781	Congressman B	\$2,000	Postage stamps
12/ /90	[unknown]	Congressman A	\$2,000	(unknown)
4/17/91	262806	Congressman A	\$2,000	Postage stamps

Above are excerpts of the criminal information filed by federal prosecutors against former House postmaster Robert V. Rota. The document implicates "Congressman A" and "Congressman B." A Sun-Times review of all 435 House members' quarterly expense reports found that only Rep. Dan Rostenkowski's filings matched the amounts and dates attributed to "Congressman A."

11 Transactions Match Up

Among the charges to which former House postmaster Robert Rota pleaded guilty Monday are allegations that he helped an unnamed "Congressman A" embezzle government funds through at least 12 phony stamp purchases.

Eleven of the 12 transactions exactly match the dates and amounts of alleged stamp purchases by Rep. Dan Rostenkowski (D-Ill.); congressional expense reports show. The 12th transaction could not be checked because no date or voucher number was listed.

According to court documents, Congressman A improperly received cash from Rota at least 12 times between May 1, 1985, and April 17, 1986, either in exchange for a voucher made

out for postage or for stamps that had been obtained previously by voucher.

The only alleged payment not matching Rostenkowski's expense reports is a \$2,000 transaction on an unspecified date in December, 1990.

Here are the occasions on which Congressman A received cash and Rostenkowski reportedly purchased stamps:

5/1/85	\$1,100
7/10/85	\$900
12/20/85	\$2,000
4/10/86	\$1,200
8/7/86	\$2,100
10/29/86	\$1,400
4/8/87	\$2,800
7/26/89	\$2,000
12/29/89	\$1,500
4/26/90	\$2,300
4/17/91	\$2,000

(Mount Clipping in Space Below)

Conviction a Plus for Reno

By Michael Briggs
Sun-Times Washington Bureau

WASHINGTON—The guilty plea by former House Postmaster Robert V. Rota to embezzlement charges may quiet critics who faulted Attorney General Janet Reno for her abrupt dismissal last March of the federal prosecutor in charge of the investigation.

There was no evidence of Justice Department interference with the decision to obtain Rota's conviction in a way that intensified the investigative spotlight on Rep. Dan Rostenkowski (D-Ill.), an important Capitol Hill ally of President Clinton.

There was criticism that Reno was vulnerable to political influences after she demanded the resignation of every federal prosecutor appointed by past Republican presidents. She then let some stay-in-office, but U.S. Attorney Jay B. Stephens, accused by Rostenkowski of engaging in a "political witch-hunt" in the

House post office case, was among the first ordered to clear out.

Reno later said she told the career prosecutors who had worked for Stephens and who still are handling the post office investigation to proceed "full steam ahead."



Janet Reno

The team of assistants who obtained Rota's conviction—Thomas J. Motley, Wendy L. Wysong and Larry R. Parkinson—was the same one that previously convicted six former House post office workers and one former congressional aide. They throttled up the investigation with the guilty plea by the ex-postmaster and his agreement to cooperate.

Stephens had voiced concern as he was being given the boot that his departure would drag out the investigation and perhaps derail it. Even he sounded a magnanimous note after Rota pleaded guilty. "Within 30 to 60 days, this investigation should be completed with respect to members of Congress," he told a television interviewer.

(Indicate page, name of newspaper, city and state.)
Page 6
Chicago Sun-Times
Chicago, Illinois

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23

(Mount Clipping in Space Below)

Rostenkowski woes could hurt Clinton

WASHINGTON—A key break in the House post office inquiry that may mean legal troubles for Rep. Dan Rostenkowski comes at a crucial moment for President Clinton, who is counting on the veteran Chicago Democrat to forge a compromise on Clinton's economic plan.

House and Senate negotiators are trying to do that over the next few weeks, and Rostenkowski, as chairman of the House Ways and Means Committee, is perhaps Clinton's most valuable lieutenant.

It was Rostenkowski who spearheaded the drive to pass the first version of Clinton's tax proposal in the House. It passed by only six votes, its approval due largely to the crafty way in which Rostenkowski tailored it in his committee, and to his and Clinton's salesmanship.

Rostenkowski has met with the president regularly throughout the budget process and has become something of a mentor to the new president.

It was the 65-year-old chairman, for example, who counseled Clinton that he needed "cheerleaders" for his plan if he ever expected it to get through Congress, and it was Rostenkowski who met with business leaders to get them on board. Rostenkowski has described himself as the "downfield blocker" for "quarterback" Clinton.

Rostenkowski has maintained his innocence throughout the two-year probe into the mishandling of money at the House Post Office. But on Monday, former House postmaster Robert Rota pleaded guilty to conspiracy and embezzlement charges for helping two members of Congress obtain cash illegally by submitting vouchers for federal money to his office. While Rostenkowski was not named in the plea agreement, federal officials and lawyers said he was one of the congressmen.

Monday's disclosures could diminish Rostenkowski's influence. Some members of the House may not feel the same loyalty to the man they universally call "the chairman" as they once did.

At least publicly, Rostenkowski may be induced to concentrate more heavily on his duties in the House-Senate conference, if only to prove he is still in command or to take his mind off his legal troubles.

Asked in May how he was bearing up under the investigation, Rostenkowski said it was "on my mind, but I'm getting the product [the economic bill] out. It's when I'm alone that I'm not so good," he said.

Rostenkowski will have few chances to be alone in the next few weeks. The conference committee begins meeting in earnest Tuesday with a goal of completing its work by the start of Congress' summer recess Aug. 6. It will be an intense time and one in which Rostenkowski can ill afford to be distracted.

Rostenkowski is scheduled to meet with Clinton Tuesday morning, along with Sen. Daniel Patrick Moynihan (D-N.Y.), chairman of the Finance Committee, who is Rostenkowski's Senate counterpart. Rostenkowski and Moynihan together will fashion the tax component of the economic plan.

Conference committees in general, and those on tax bills in particular, are the strange animal of Congress. Meeting most often be-

hind closed doors, they cut deals and fashion compromises in a personal way. In recent weeks, there have been countless evaluations in the news media and in Congress' corridors about how Rostenkowski and Moynihan would get along and what kind of deal they would fashion. Any perceived weakness would hamper Rostenkowski and the House in that effort.

(Indicate page, name of newspaper, city and state.)

Sec. 1, Pg. 15
Chicago Tribune
Chicago, Illinois

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Rostenkowski goes into the conference already somewhat weakened because the administration appears to be giving up on one of its most controversial points in the budget package, a broad-based tax on energy that was to have raised about \$72 billion.

The House accepted the so-called Btu tax, but the Senate rejected it and substituted a 4.3-cent-a-gallon increase in the gasoline tax, which raises far less money. Over the weekend, administration officials indicated they were willing to give in on the broad energy tax, the House's hard-fought position.

White House press secretary Dee Dee Myers said she would wait for more details about the Rota plea before commenting on how it might affect Clinton's economic plan and his relationship with Rostenkowski.

Rostenkowski could not be reached for comment Monday. But in the past he has charged that the investigation was politically motivated, dating to the Bush administration, and was kept alive by Republicans.

If the investigation is not enough to distract Rostenkowski in the next three weeks of budget negotiations, Chicago politicians may give him pause. Several are considering a run for Rostenkowski's congressional seat.

Among those considering a campaign include Chicago Ald. Eugene Shulter, State Sen. John Cullerton (D-Chicago), State Rep. Ron Blagojevich (D-Chicago), former Ald. Joseph Kotlarz (35th) and Rostenkowski's most recent opponent, Dick Simpson, a University of Illinois professor and former 44th Ward alderman.

Simpson, who got 43 percent of the vote against Rostenkowski in the last campaign, will likely run again. On Monday, he called for Rostenkowski to resign.

"It is widely assumed by the media that the 'Congressman A' is Congressman Rostenkowski. If it is, these charges are serious enough that he should resign his position," Simpson said.



Rep. Dan Rostenkowski has maintained his innocence in the House Post Office probe.

(Mount Clipping in Space Below)

House scandal guilty plea

Rostenkowski is linked to fund scheme

WASHINGTON—A former House postmaster pleaded guilty Monday to federal charges that for years he provided a "largely untraceable source of illegal cash" to several members of Congress, one of whom, federal officials say, is Rep. Dan Rostenkowski.

In presenting the guilty plea of former postmaster Robert Rota to a federal judge, prosecutors said Rota facilitated the "embezzlement" of more than \$30,000 of government funds in a conspiracy that involved at least two House members identified in court as "Congressman A" and "Congressman B."

Rostenkowski was not named in the court papers accompanying Rota's pleas. But federal prosecutors detailed a dozen transactions involving the exchange of stamp expense vouchers for cash made by "Congressman A" between 1985 and 1992 that correspond precisely with expense records the Chicago Democrat has filed with the House clerk.

In addition, several federal officials and lawyers with knowledge of the case said "Congressman A," who received \$20,300 of the payments, was Rostenkowski.

The same sources and records indicated that "Congressman B" was former Rep. Joe Kolter (D-Pa.), who served in Congress from 1982 until he was defeated in last year's elections.

The government's filing indicated several additional members of Congress may have participated in the scheme.

Rostenkowski and Kolter have not been charged and have re-

peatedly denied any wrongdoing. A spokesman for Rostenkowski said Monday that his lawyers advised him not to comment. Kolter could not be reached for comment.

In addition to the case in Washington, federal officials also are investigating Rostenkowski in Chicago and have subpoenaed voluminous records of his personal finances and his expenditures from various political funds totaling more than \$1 million. Prosecutors are likely to weigh the evidence in both inquiries before making any decision to take action against Rostenkowski.

The investigation has major political implications because Rostenkowski is shepherding President Clinton's budget through the House-Senate conference committee. He also was expected to play a critical role in Clinton's health-care reform plan. If indicted, Rostenkowski would have to give up his chairmanship of the tax-writing House Ways and Means Committee, although he could keep his seat in Congress.

J. Ramsey Johnson, interim U.S. attorney for the District of Columbia, called Rota's guilty plea "a significant step forward" that "underscores our commitment to hold accountable those who have engaged in such corruption."

A Justice Department spokesman said high-level department officials, appointed by Clinton signed off on the government's acceptance of the guilty plea.

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b7C Indicate page, name of newspaper, city and state.)

See. 1, Pg. 1
Chicago Tribune
Chicago, Illinois

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PLEA

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"In addition to the possible receipt of embezzled funds, the prosecutors accused "Congressman A" (Rostenkowski) of directly manipulating the post office staff to ensure that he and others could continue to exchange stamps for cash and otherwise "enrich" themselves with federal money.

Rota, 58, pleaded guilty to three misdemeanors for his role in the scheme in which prosecutors contend he essentially served as a bagman for several House members almost from the day he took his post in 1972. Rota vowed to cooperate fully with prosecutors.

"Over the course of two decades, at the insistence of certain congressmen, Mr. Rota repeatedly took cash from House Post Office funds and turned it over to these members," prosecutors contended.

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Documents filed by the prosecutors indicated that the transactions continued even after federal officials tried to investigate them in 1979 and 1980. The documents also indicated that "Congressman A" used his patronage powers in the late 1980s to place someone he knew in a key position to disburse the money.

A knowledgeable federal law enforcement source said the highly public, richly detailed plea agreement was part of a strategy to pressure lawmakers and the Clinton administration to go forward with the case.

"It would take an awful lot of explaining to walk away from it now," the source said.

Another source with detailed knowledge of the case said Rostenkowski may contend that Rota was coerced by prosecutors to enter into the plea agreement.

Rota's lawyer, Charles Leeper, presented a different view. "Mr. Rota acknowledges responsibility for aiding and assisting the members who are referred to in the court documents," Leeper said. Prosecutors said Rota did not take any money for himself.

Described by one source as "a shoe waiting to drop," Rota's testimony would be vital in any case against Rostenkowski or others. He had a relationship with Rostenkowski that spanned 20 years. And unlike others who have been charged in the case, Rota, officials said, would be the one witness who could provide a first-hand account of illegal payments.

The documents describe a two-decade-long system of abuse of the patronage system in the House in which workers such as Rota were beholden to members for high-paying jobs. In his final years, Rota was paid more than \$100,000 annually.

According to the government, Rota provided cash to members of Congress in three ways: He gave members cash in exchange for official congressional vouchers for which the members falsely certified they had received stamps; he exchanged stamps for cash; and he would cash checks drawn on congressional campaign and political action committee accounts, though prosecutors gave no details.

Members would come to Rota with vouchers on their congressional expense account or with large sheets of previously purchased stamps. He would exchange them for cash. Rota obtained the cash from the post office's supervisor of accounts, another patronage post.

That position became critical to pulling off the scheme, prosecutors said. From about 1978 to 1987, Rota obtained the cash from the then-supervisor of accounts, identified as Mary C. Bowman. She could not be reached for comment.

In 1987, Bowman was replaced by lawyer Paul Tomme. At that point, prosecutors said, Rota discontinued the payments "despite the requests from" "Congressman A" (Rostenkowski) and "Congressman B" (Kolter). Rota told them that Tomme was beyond their political control because Tomme owed his job to former House Speaker Jim Wright.

In 1989, however, Tomme was replaced by James Smith, an appointment prosecutors said "Congressman A" orchestrated.

"With the personal intervention and insistence of Congressman A, Mr. Rota promoted a long-time House Post Office employee, who was a patronage employee of Congressman A, to be the new supervisor of accounts," the court papers said.

Rota then instructed Smith to give "cash to Congressman A in exchange for postal vouchers, because Congressman A took care of them and they should take care of Congressman A in return," the papers said.

Between July 1989 and April 1991, Rota personally handled stamp vouchers to pay Rostenkowski \$9,800, based on the plea agreement and Rostenkowski's expense records.

The documents said that in the summer of 1989, Rota "twice delivered large sums of cash to Congressman A."

The scheme had gone on since at least 1978, prosecutors charged, and authorities were told at least once that members were illegally receiving cash for stamps.

In 1979, a House postal employee reported a cash-for-voucher exchange to law enforcement authorities. On May 5, 1980, Justice Department lawyers interviewed Rota and Bowman. Prosecutors said Rota instructed his subordinate of the need "to protect the members of Congress." The two then lied to investigators, the government contends.

Rota continued to give members cash.

Prosecutors subpoenaed all stamp records from at least 1985, and they contended in the plea agreement that "Congressman A" received \$11,500 in cash from Rota between May 1985 and May 1987.

Except for the 1979 complaint, the stamps-for-cash activity attracted little attention and never implicated members of Congress. But near the end of April 1991, stamp clerk James Pogue stole cash from the House Post Office, setting off what would become a wide-ranging investigation. Rota remained what his lawyer called "a loyal servant," lying to investigators to protect members of Congress.

"What Mr. Rota did was to place the services of his office, and the United States funds under his control, at the disposal of certain United States congressmen, knowing full well that he was aiding the embezzlement of money of those funds," the court papers said. "What Mr. Rota got in return was to keep his job as an officer of the United States House of Representatives."

Eventually, the pressure of the federal case against him mounted to the point that he decided to cooperate with prosecutors. On July 1, he signed the plea agreement.



Prosecutors say Robert Rota essentially served as a bagman for some House members.

House post office conspiracy

House of Representatives
Postmaster Robert Rota pleaded guilty Monday to embezzlement charges. He used the House post office as a source of illegal cash for two unidentified congressmen.

1. House member uses a voucher to request stamps from House post office.



How the postage stamp system is supposed to work



2. The voucher is exchanged for stamps.



3. Voucher is sent to finance office and deducted from House member's "allowance."

How the House voucher system works

The House of Representatives has an annual "allowance" for each member to use for items or services needed to conduct everyday business, like mail and postage stamps. Congress members sign vouchers like checks in receipt for those goods or services.

How the system was abused

Vouchers exchanged for cash



2. Vouchers were sent to House post office, and congressmen received stamps.



3. Congressmen then returned the stamps to House post office, and Rota exchanged them for cash.

Stamps exchanged for cash



2. Vouchers were sent to House post office, where Rota directly exchanged them for cash.

(Mount Clipping in Space Below)

Rostenkowski linked to theft in House bank

WASHINGTON (AP) — Prosecutors secured a key guilty plea Monday in their probe of the House Post Office, and court documents suggested that Rep. Dan Rostenkowski, one of the most powerful members of Congress, may have been a recipient of embezzled funds in the case.

The New York Times reports in today's editions, that former House Postmaster Robert V. Rota told prosecutors that he helped Rostenkowski embezzle \$21,300.

Rota pleaded guilty to conspiracy and embezzlement charges for helping one former lawmaker and one current member of Congress obtain cash illegally for personal use, by submitting official House vouchers.

Case papers released in the case said Rota, in the 1970s and 1980s, aided and abetted a 'Congressman A and Congressman B' in "willfully and knowingly" embezzling money which was converted to the lawmakers' personal use.

One embezzlement count says Rota "aided and abetted Congressman A in willfully and knowingly embezzling and converting to Congressman A's own use" the post office funds.

The same language is used for Congressman B.

While no names are mentioned, the court papers contain dates and amounts of vouchers submitted to the post office for stamp purchases. And those dates and amounts match vouchers submitted by Rostenkowski and former Rep. Joseph Kolter (D-Pa.) as recorded in public records issued by the House.

A source close to the investigation, speaking on condition of anonymity, also confirmed that Rostenkowski was Congressman A and Kolter was Congressman B.

Adding figures in the indictment, Rostenkowski would have received \$21,300 between May 1985 and April 1991 — about the time the current investigation began. Kolter would have received

(Indicate page, name of newspaper, city and state.) Page A1
Southtown Economist
Chicago, Illinois

Date: July 20, 1993
Edition:

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TO THEFT IN HOUSE BANK

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

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\$9,300 between August 1986 and December 1990.

Rostenkowski's office had no immediate comment and attempts to reach Kolter here and in Pennsylvania were not successful.

Both Rostenkowski, chairman of the tax-writing House Ways and Means Committee, and Kolter have previously denied wrongdoing.

Prosecutors said Rota had agreed to cooperate in their probe. U.S. Attorney J. Ramsey Johnson called the guilty plea "a significant step forward" in the case.

The court papers said other members of Congress participated in similar schemes with Rota but were not part of Monday's plea.

As Ways and Means chairman, Rostenkowski is leading his chamber's effort in House-Senate negotiations to win passage of President Clinton's deficit reduction package. If he should be indicted for a felony, House caucus rules

require that he step down until the case is settled.

A statement submitted by federal prosecutors to U.S. District Court said Rota "gave cash to certain members of Congress directly in exchange for official vouchers (each of which falsely certified that the member had received postage stamps for the voucher)."

Prosecutors said members sometimes received cash directly for the vouchers. Other times they received stamps, which later were returned for cash.

Rostenkowski, Kolter and Rep. Austin Murphy, D-Pa., have previously revealed they were under investigation in the case, and called the probe a "witch hunt" by the U.S. attorney's office.

Nine people have pleaded guilty in the investigation of the post office, which is a contract agency of the U.S. Postal Service staffed solely by House employees.

Motley, stating what the government would have proved at trial, said that "Congressman A and Congressman B" obtained cash by turning in stamps purchased from

their office accounts, and by submitting official vouchers for stamps, but receiving money instead.

Motley said Rota also was involved in a scheme to give lawmakers cash for political action committee and campaign checks, although these transactions weren't part of the three counts to which Rota pleaded guilty.

Rota, who pleaded to three misdemeanors, was one of the highest-ranking House officials for 20 years until he resigned under fire in 1992.

Motley said that from May 1985 through May 1987, Rota "personally handled stamp vouchers totaling \$11,500 for Congressman A and \$4,300 for Congressman B."

He added that "during a 21-month period between July 1989 and April 1991, Rota personally handled stamp vouchers totaling \$9,800 for Congressman A and \$5,000 for Congressman B."

Rota, the agreement said, was permitted to keep his job in return for helping the lawmakers.

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Date: 7/20/93
 Edition: WASHINGTON TIMES
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 Title: 58C-WF-180673

Can Rostenkowski twist arms to pass deficit-reduction bill?

By Major Garrett
 THE WASHINGTON TIMES

The timing could not have been worse for President Clinton or the congressional leaders he will lean on to guide his deficit-reduction bill through delicate negotiations.

One of the two most important congressional deal-makers, House

NEWS ANALYSIS

Ways and Means Committee Chairman Dan Rostenkowski, while unnamed

by federal prosecutors, was clearly linked by evidence to the widening House post office scandal yesterday.

Mr. Rostenkowski has not been charged with any wrongdoing and his aides yesterday repeated his claims of innocence.

But congressional aides tracking the budget bill's progress wonder if the ensuing uncertainty will undercut his legendary vote-counting and arm-twisting prowess.

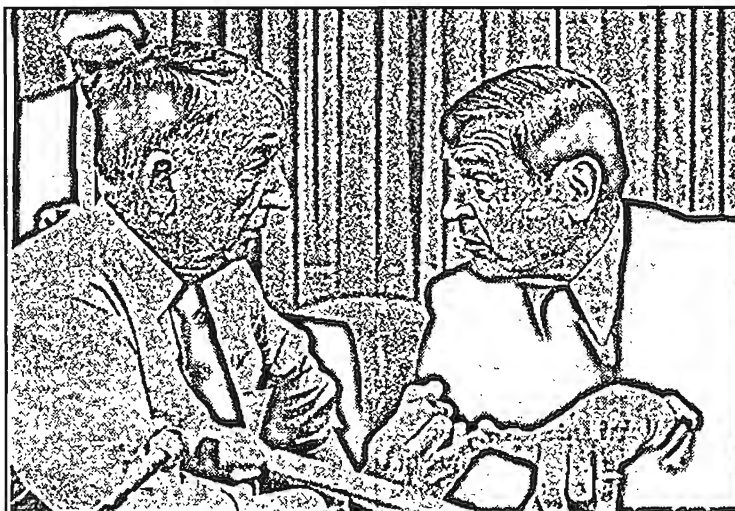
The chairman was out of town yesterday. When he arrives on Capitol Hill today, reporters are expected to press him to explain his side of the post office case.

If questions of conduct dog Mr. Rostenkowski during closed-door negotiations on raising taxes and cutting spending, his ability to serve as a go-between and vote counter could be undermined.

Lawmakers, congressional aides and lobbyists wonder how Mr. Rostenkowski will hold up in the pivotal three weeks of dickering on the Clinton tax bill.

"I think he has handled the stress of that very well, remarkably well," said Rep. Sam M. Gibbons, Florida Democrat and second-ranking member of the Ways and Means Committee. "I would assume he'd be able to handle those things. I don't think it would have any effect."

It's hard to overstate Mr. Rosten-



Reps. Sam Gibbons (left) and Dan Rostenkowski discuss deficit-cutting bill. AP

kowski's clout in the current negotiations. He has headed the Ways and Means Committee since 1980 and is by far the most experienced lawmaker in dealing with tax law and the politics of getting votes for unpopular policies.

He and the Senate Finance Committee chairman, Daniel Patrick Moynihan, are expected to dominate the decision-making process as Congress tries to pass a \$500 billion deficit-reduction bill — half of it coming in higher taxes — with no Republican votes.

Many congressional aides said Mr. Rostenkowski's power is such that only foolhardy lawmakers would consider trying to capitalize on the Rota revelations. The chairman's power base remains substantial, they said, especially since the work ahead has more to do with politics than tax policy.

If Mr. Rostenkowski had to sell a certain tax change to outside businesses and use their support to lobby

wavering lawmakers, he might suffer from the negative publicity, said Steve Bell, a consultant with Solomon Bros. and former Republican staff director of the Senate Budget Committee.

"I think it will hamper him a little bit, but I don't think it should be overstated," Mr. Bell said. "He has over a decade of working deals and making them stick."

Since what remains is largely an inside game, Mr. Rostenkowski should be able to withstand all but an indictment.

The rules of the Democratic caucus require that any committee chairman subject to a felony criminal indictment must give up his chairmanship.

An indictment would force Mr. Rostenkowski to hand his chairman's gavel to Mr. Gibbons, who has long advocated free trade, health care reform and creating a national sales tax as part of an overhaul of the federal tax system.

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NEW YORK TIMES

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Date: 58C-WF-180673

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THE NEW YORK TIMES NATI

Calculating the Rostenkowski Factor

By DAVID E. ROSENBAUM

Special to The New York Times

WASHINGTON, July 19 — If Representative Dan Rostenkowski is indicted, he will have to step aside as chairman of the House Ways and Means Committee, and President Clinton will lose his strongest ally in Congress on many of the issues that are central to his Presidency.

Lawmakers and their staff members said today that they doubted the new developments would affect the way the House-Senate conference committee deals in the next few weeks with the President's deficit-reduction program.

Prosecutors said it could be weeks before charges were filed against Mr. Rostenkowski, so he is expected to continue to lead the House conferees in the tense negotiations with the Senate this month over tax increases and spending cuts.

Unwavering Support for Clinton

But the prevailing view on Capitol Hill is that if an indictment is forthcoming it could widen the odds that the President would succeed in winning approval of his plans for health care, trade, welfare and other areas under the Ways and Means Committee's jurisdiction.

Mr. Rostenkowski, a 65-year-old Democrat from Chicago who was trained by the late Mayor Richard J. Daley, is seen by his friends and foes as a peerless legislative tactician. This year, his support for the Clinton Administration has been unwavering.

Just before his committee took up the budget package last spring, he told an interviewer: "I'm going to be as publicly engaged in the Clinton crusade as I can. I'm not the quarterback. I'm more the downfield blocker."

The budget conference is expected to be wrapped up in the next three weeks. A senior Administration official who has been working on the legislative program said he did not believe that the prospects of a Rostenkowski indictment would have any effect on this particular conference. "This is going to happen very quickly," the official said.

But what about legislation this fall and next year? "I don't want to think about it," the official replied.

Possible Successor

The rules of the Democratic Caucus in the House require a chairman under indictment to relinquish the chairman-



Robert V. Rota

Associated Press

ship until the legal situation is resolved.

In this case, Representative Sam M. Gibbons, a Democrat from Florida who is second to Mr. Rostenkowski in seniority, would become acting chairman. Over the years, Mr. Gibbons, who is 73 and is in his 16th term in Congress, has specialized in trade issues and has never been heavily involved in taxes, health policy or welfare.

In an interview today, Mr. Gibbons said he hated the thought of "moving ahead at someone else's expense," but he added: "I have prepared myself to move to take over the committee if the time arrives. I've thought about it a lot and made whatever preparations I could."

The Senate was not in session today and no votes were scheduled in the House, so few lawmakers were in their offices here. Many who could be reached declined to speak on the record about Mr. Rostenkowski and Mr. Gibbons, but their general view was that Mr. Rostenkowski's legislative skill could not be matched.

'Irreplaceable' Chairman

Former Representative Thomas J. Downey, a Democrat from Long Island who served on the Ways and Means Committee and was especially close to Mr. Rostenkowski, put the case this

If a chairman is indicted, Clinton faces up hill fight on legislation.

way: "Sam's a terrific guy, and I don't mean to denigrate him in any way. But it's not just that Rostenkowski has command of the Ways and Means Committee. His strong leadership ability forces the House and the Senate to focus on what has to be done, and his unwavering support is irreplaceable."

Mr. Rostenkowski's principal talent, said a staff assistant to another Congressman who has observed the chairman closely for years, is "an unbelievable sense of knowing how much he has to give and how much he can take and still hold a majority vote."

That was what Mr. Rostenkowski did this spring when he made just enough changes in the President's budget plan so that he could be sure of the support of all 24 Democrats on his committee. The measure was approved in May on a straight party-line vote.

Then, when the bill reached the House floor in June, the Democrats from the Ways and Means Committee, guided by the chairman, were responsible for rounding up votes from other Democrats. Eventually, the measure was approved by 219 to 213, with all the Republicans in the House in opposition.

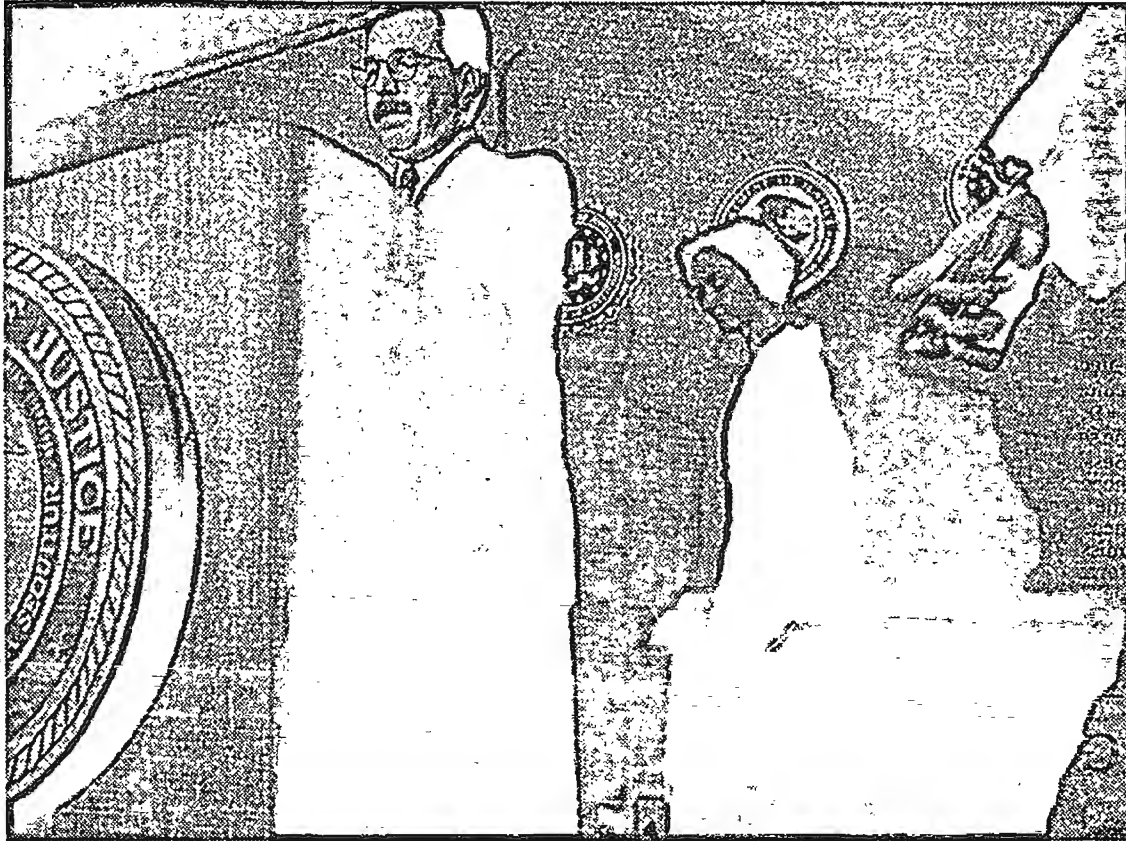
Friends Can't Believe Charge

The one way the expectation of an indictment could directly affect the conference negotiations, lawmakers said, would be if his personal problems distracted Mr. Rostenkowski from the legislative business at hand.

So far this year, that has not been the case. "With this big cloud and all its

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ONAL TUESDAY, JULY 20, 1993



Stephen Crowley/The New York Times

J. Ramsey Johnson, the interim United States Attorney in Washington, speaking at a news conference yesterday where he announced that Robert V. Rosta pleaded guilty to conspiracy and embezzlement.

political weight that's been on the chairman's mind and shoulders throughout this process, it has not affected his ability to lead the committee," said Representative Charles B. Rangel of Manhattan, the fourth-ranking Democrat on the Ways and Means Committee.

Since rumors began spreading last year about the criminal investigation, Mr. Rostenkowski's friends have been

saying they could not believe that he had his hand in the petty-cash drawer. He could have retired and not run for re-election last year and kept more than \$1 million in leftover campaign money, the last year it was legally possible to do so.

Mr. Rostenkowski, who had no public comment today, has said in the past that he has done nothing wrong, has no idea what prosecutors are looking for

and is a victim of a political witch hunt begun by the Bush Administration's Justice Department.

Mr. Rangel and several others said that for the time being at least Mr. Rostenkowski's authority would not be diminished. Lawmakers continue to hope that Mr. Rostenkowski will not be indicted, Mr. Rangel said, and if he is indicted, they will prefer to believe that he will be acquitted.

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New York Times

New York: Today, becoming partly cloudy and less humid. High 89. Tonight, clear. Low 69. Tomorrow, sunny with low humidity. High 85. Yesterday, high 75, low 66. Details page B13.

NEW YORK, TUESDAY, JULY 20, 1993

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HOUSE AIDE LINKS A TOP LAWMAKER TO EMBEZZLEMENT



Representative Dan Rostenkowski at a hearing last week.

POST OFFICE CASE

Ex-Official's Plea Is Seen
as Step to Indictment
of Rostenkowski

By STEPHEN LABATON
 Special to The New York Times

WASHINGTON, July 19 — The former Postmaster of the House of Representatives has told prosecutors that he helped Representative Dan Rostenkowski, the powerful Illinois Democrat, embezzle \$21,300, according to prosecutors, defense lawyers and public records that describe some of the transactions.

The Postmaster, Robert V. Rota, pleaded guilty in Federal District Court in Washington today to one count of conspiracy and two counts of embezzlement and said he had helped an undisclosed number of lawmakers embezzle tens of thousands of dollars since his appointment in 1972 until 1991, when he resigned.

Government and defense lawyers said the guilty plea was a significant step toward indicting Mr. Rostenkowski, but could be weeks before the Government moves against the Chicago Democrat. Still, the plea today by Mr. Rota, who has agreed to testify against Mr. Rostenkowski, came at a delicate moment, when the House and Senate have just begun negotiations on Mr. Clinton's economic program.

As chairman of the House Ways and Means Committee, Mr. Rostenkowski will be one of the central figures in those talks, and Mr. Clinton will also need him badly in months to come as Congress considers health care, welfare, trade and other issues.

— Congressman A

In a court appearance today, Mr. Rota did not identify Mr. Rostenkowski, referring instead to "Congressman A" and to "Congressman B," who the former official said, had stolen \$9,300.

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The Government also did not identify either lawmaker, but documents supporting Mr. Rota's plea arrangement clearly showed that Mr. Rostenkowski was Congressman A and that Joe Kolter, a Democrat who lost his Pennsylvania seat last year, was Congressman B.

Mr. Rostenkowski's aides said the lawmaker was in Chicago today and could not be reached for comment. A reporter was unable to find the lawmaker at his home in Chicago, and the aides in Washington declined to discuss Mr. Rota's guilty plea. The lawmaker's Washington lawyer, Stanley Brand, did not return telephone calls.

"Mr. Rota has admitted that he allowed the House Post Office to be used as a convenient and, until this investigation, largely untraceable source of illegal cash for selected members of

HoOe Postmaster Pleads Guilty, Linking Top Lawmaker to Thefts

Continued From Page A1

Congress," said J. Ramsey Johnson, the interim United States Attorney in Washington. "Over the course of two decades, at the insistence of certain Congressmen, Mr. Rota repeatedly took cash from House Post Office funds and turned it over to these members." There is as yet no indication of how many lawmakers were involved or who any of the other might be.

Provided Cover for Theft

Mr. Rota, a 58-year old career Congressional official who resigned as the post office scandal erupted last year, admitted today that he had provided the lawmakers with a cover so that they could steal from expense accounts for office supplies through transactions that appeared to be legitimate.

Members of Congress are given allowances to pay for office expenses like pens, stationary and postage. They spend this allowance by drawing on their accounts with vouchers that are exchanged for supplies from outlets run by House employees. Lawmakers can send ordinary mail without stamps but need them for overseas mail and to use specialized services like certified mail and insured mail.

Mr. Rota said that in some cases he had taken vouchers from members of Congress that showed postage purchases but instead of stamps he had

An indictment of Rostenkowski in the scandal seems to be near.

given them cash. In other instances, he said, he exchanged the vouchers for stamps, but he would then take the stamps back for cash.

Mr. Rota's story, which emerged today from his own words and through Federal prosecutors, provided a startling glimpse into the life of a figure familiar on Capitol Hill but seldom seen outside Washington — the Federal patronage employee eager above all to please those who gave him his job.

Seen as Political Favors

Throughout the scheme, prosecutors said, Mr. Rota did not make any money. Rather, he helped others profit illegally as a political favor.

The former Postmaster is a Pennsylvanian who began his career by working in the cloakroom and rose through the ranks of the House bureaucracy under the patronage of Representative Thomas Morgan, a Pennsylvania Democrat who was the chairman of the Foreign Relations Committee and retired in 1976 after serving 32 years.

Mr. Rota, who oversaw a staff of 160 and an annual budget of \$4.4 million, was well known in Congress for doing favors for various lawmakers. One recalled recently that Mr. Rota would routinely approach members and ask, "What can I do for you?"

Mr. Rota said he gave \$11,500 in cash to Congressman A and \$4,300 to Congressman B, from May 1985 to May 1987. He also said he gave \$9,800 in cash to Congressman A and \$5,000 to Congressman B from July 1989 to April 1991. The amounts ranged from \$900 to \$2,800 for Congressman A and from \$600 to \$2,000 for Congressman B.

The court records provided the numbers of the vouchers that Mr. Rota said were used to cover up the transactions. Publicly available records shows that in each case where a voucher by Congressman A was listed, the voucher number corresponded to one signed by Mr. Rostenkowski and that the vouchers attributed to Congressman B were signed by Mr. Kolter.

Accusation Denied

Mr. Kolter, who lives in New Brighton, Pa., did not return a telephone message left today on his answering machine. His Washington lawyer, Alan Baron, said he had not seen the court papers but heard speculation today that his client was Congressman B. Mr. Baron said his client had done nothing improper and had not been involved in any plea bargaining.

Mr. Rota said the two-year hiatus in the payments occurred because a new Supervisor of Accounts at the Post Office was installed whom Mr. Rota did not know and could not trust to carry out the scheme. But after that supervisor left, Mr. Rota said, he put a patronage employee whom he did not identify today other than to say that he was sponsored by Congressman A in the job.

The position described by the prosecutors had been occupied James C. Smith, who worked in a basement office of the Postmaster across the street from the Capitol, single-handedly controlling the disbursement of thousands of dollars in cash and stamps. He was sponsored for his job by Mr. Rostenkowski, according to Congressional documents.

Employee Granted Immunity

Lawyers involved in the case said Mr. Smith, who no longer in the job, had been granted immunity by prosecutors and had been lined up to testify against Mr. Rota if he had failed to reach a plea agreement. Mr. Smith is also prepared to testify against Mr. Rostenkowski, the lawyers said.

Mr. Rota also confessed that he had lied to investigators at least three times to cover up the scheme. If he is used as a witness in a trial against lawmakers, his credibility could be attacked because of this admission.

The plea was the culmination of a two year-long investigation that began when a Post Office clerk was discovered stealing cash from one of branches on Capitol Hill. That investigation and a separate inquiry last year involving significant overdrafts at the House Bank came to symbolize ethical laxity in Congress and led, in turn, to a perception that contributed to an anti-incumbent fever that sent scores of legislators down to defeat or forced them to retire.

Prosecutors said Mr. Rota was scheduled to be sentenced Oct. 12 and faced a maximum prison sentence of three years and fines of as much as \$300,000.

"What Mr. Rota did was to place the services of his office and the United States funds under his control at the disposal of certain United States Congressmen, knowing full well that he was aiding the embezzlement of money from those funds," Mr. Johnson said. "What Mr. Rota got in return was to keep his job as an officer of the United States House of Representatives."

Taking a trip?
Check the Weather Report for
your destination... from
Richmond to Rio.

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The Washington Times

TUESDAY, JULY 20, 1993 *

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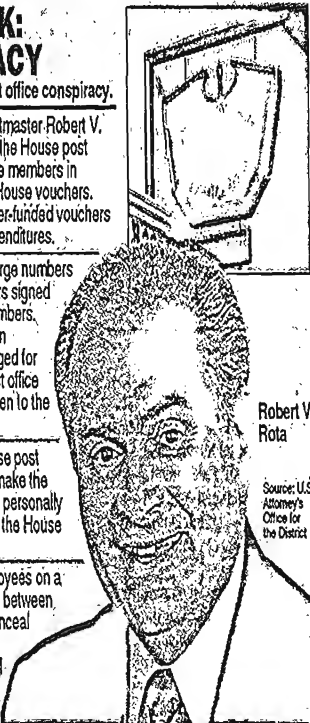
Inside the House post office conspiracy.

■ Former House Postmaster Robert V. Rota gave cash from the House post office to certain House members in exchange for official House vouchers. Members use taxpayer-funded vouchers for certain official expenditures.

■ Rota exchanged large numbers of stamps for vouchers signed by certain House members. The stamps were then returned and exchanged for cash from House post office public funds to be given to the House members.

■ Rota directed House post office employees to make the exchanges and often personally delivered the cash to the House members.

■ Rota told his employees on a number of occasions between 1980 and 1992 to conceal the questionable activities from federal and congressional investigators.



Robert V. Rota

Source: U.S. Attorney's Office for the District

House postmaster pleads guilty

Rostenkowski, Kolter likely co-conspirators in embezzlement scheme

By Paul M. Rodriguez
THE WASHINGTON TIMES

Former House Postmaster Robert V. Rota pleaded guilty yesterday to three misdemeanor counts in federal court and agreed to testify about a conspiracy with at least two unnamed congressmen to embezzle public funds.

One of the congressmen, referred to in court documents only as "Congressman A" is said to be Rep. Dan Rostenkowski, Illinois Democrat and chairman of the powerful tax-writing House Ways and Means Committee, according to current and former federal law enforcement and congressional officials.

The scheme, outlined yesterday by U.S. Attorney J. Ramsey Johnson, converted congressional vouchers, postage and checks for cash at the House Post Office.



Kolter



Rostenkowski

"Mr. Rota... has admitted that he allowed the House post office to be used as a convenient and — until this investigation — largely untraceable source of illegal cash for selected members of Congress," Mr. Johnson said in a statement.

Mr. Johnson, the interim U.S. attorney for the District, told reporters yesterday that Mr. Rota's de-

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Prosecutors said Mr. Rota and the congressmen defrauded taxpayers of \$30,600 since 1985. The scheme began shortly after Mr. Rota became postmaster in 1972 and continued through a 1979 cover-up and the timely use of patronage appointments.

The dates of vouchers for Congressman A corresponded to voucher dates of Mr. Rostenkowski's. Congressman A received at least \$21,300 between 1985 and 1991.

A second lawmaker, referred to in the same court papers as "Congressman B," is said to be former Rep. Joe Kolter, Pennsylvania Democrat and a close friend of Mr. Rota's, the officials told The Washington Times on condition that they not be named.

Congressman B received at least \$9,300 in the same time period.

Yesterday's appearance of Mr. Rota, 58, before District Judge Norma H. Johnson, surprised observers on Capitol Hill who have watched for nearly two years the unfolding of the post office scandal.

So far, seven former House post office employees and a former Capitol Hill administrative assistant have been convicted on a variety of federal charges ranging from drug dealing to embezzlement to obstruction of justice. Former chiefs of staff for Mr. Kolter and Mr. Rota already have been convicted.

Under House Democratic Caucus rules, should Mr. Rostenkowski be indicted for a felony, he would be forced to step down as chairman of the Ways and Means Committee at a

see ROTA, page A8

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House postmaster pleads guilty

Rostenkowski, Kolter likely co-conspirators in embezzlement scheme

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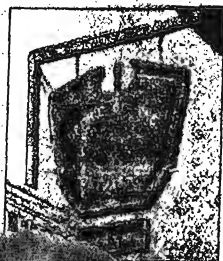
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office conspiracy.

Postmaster Robert V. Rota, the House post office members in House vouchers, re-funded vouchers expenditures.

Large numbers are signed members, engaged for post office even to the

use post make the personally of the House

employees on a conceal



Robert V. Rota

Source: U.S. Attorney's Office for the District

ROTA

From page A1

critical time for President Clinton, whose economic plan and health care reform proposals are under debate in Congress.

Mr. Rostenkowski, Mr. Kolter and another congressman — Rep. Austin Murphy, Pennsylvania Democrat — had been served subpoenas in connection with the federal probe. They have denied any wrongdoing and have invoked their Fifth Amendment rights against testifying before the federal grand jury.

Calls for comments to Messrs. Rostenkowski, Kolter and Murphy were not returned yesterday.

Mr. Rota, who faces three years in prison and a fine up to \$300,000 when he is sentenced Oct. 12, declined to speak to reporters yesterday. In a brief telephone conversation Sunday, Mr. Rota said: "When I have something to say, I'll say it. Thank you for your call."

In remarks before Judge Johnson, Assistant U.S. Attorney Thomas Motley said that had the case against Mr. Rota gone to trial, the government would have proved that the former postmaster was a cash conduit to members of Congress.

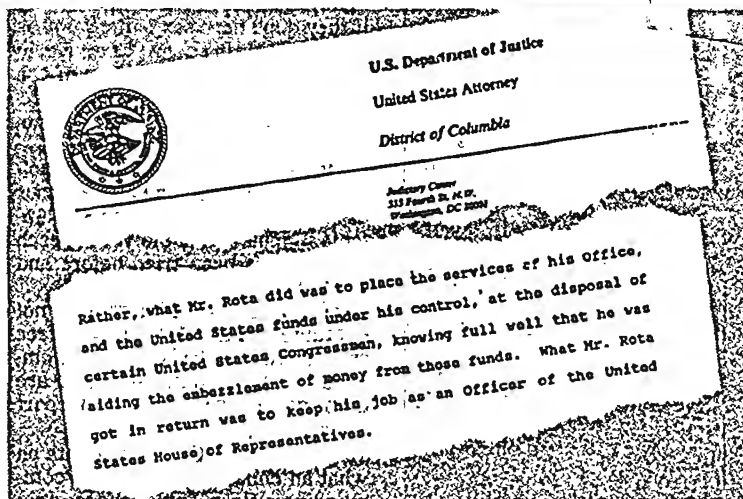
"Over the course of two decades, at the insistence of certain congressmen, Mr. Rota repeatedly took cash from House post office funds and turned it over to these members," Mr. Motley said.

Mr. Johnson said yesterday, at an afternoon news conference to announce the guilty plea accepted by Judge Johnson, that Mr. Rota did not benefit personally from any of the illegal activities.

However, Mr. Johnson said, Mr. Rota's actions enabled him to maintain his position as one of the four elected officers of the House "by earning the favor and support of particular members ... by providing cash to them in exchange for vouchers and postage stamps."

Mr. Rota carried out the conspiracy, stretching from 1978 to 1992, by three methods:

- Providing cash for vouchers, which "falsely certified that the congressmen had received postage



Acting U.S. Attorney J. Ramsey Johnson's press release explained the conspiracy facilitated by former House Postmaster Robert V. Rota.

stamps for the vouchers."

- Supplying cash for postage stamps, "which the congressmen had previously obtained with the vouchers."

- Cashing checks drawn on congressional campaign and political

Mr. Rota carried out the conspiracy, stretching from 1978 to 1992.

action committee accounts.

The guilty plea focused on the first two methods, "each of which involved the embezzlement of United States funds by certain congressmen."

In addition, Mr. Rota also admitted — but was not charged with — obstruction of justice and lying to federal investigators in 1979, when the allegations of stamps for cash first surfaced.

Mr. Johnson also said Mr. Rota lied to congressional investigators in April 1992, when he told a House task force probing the post office that he did not know of any improper or illegal activities involving mem-

bers of Congress.

Mr. Rota, forced to resign from his job in March 1992 after a series of stories on the post office scandal in The Washington Times beginning in January 1991, was visibly nervous when he appeared in court yesterday morning.

"I can't remember specific dates and dollar amounts," Mr. Rota told Judge Johnson after she read him a 13-page criminal information document. "But the substance of [the charges] is correct," he said.

Mr. Motley said in court, as did Mr. Johnson at his news conference in which he took no questions, that Mr. Rota "personally" delivered thousands of dollars to the members involved in the illegal scheme and that he conspired with at least one former post office supervisor who was elevated to his job at the behest of one of the members accused but not yet charged with embezzlement and fraud.

What started initially as a probe of low-level drug dealers and embezzlers in the spring and summer of 1990 has grown into a major federal probe of corruption in the House that includes a grand jury, the FBI, the Internal Revenue Service, the U.S. Postal Inspection Service, the U.S. Capitol Police and the Justice Department.

Former Postmaster For House Pleads Guilty in Scandal

*Admission of Embezzling Scheme
Appears to Threaten Rostenkowski*

By Kenneth J. Cooper
Washington Post Staff Writer

Former House postmaster Robert V. Rota yesterday pleaded guilty to helping several congressmen embezzle money from the House Post Office. Evidence contained in court papers in the case indicated that powerful Ways and Means Chairman Dan Rostenkowski (D-Ill.) was one of those who allegedly received thousands of dollars in the scheme.

Rota's guilty plea and agreement to cooperate with federal prosecutors represented a major breakthrough in the House Post Office investigation, which on Capitol Hill was widely assumed to have stalled after two years of focusing on the misdeeds of House employees. Rota was forced to resign in March 1992 amid the scandal.

The former postmaster's admissions are especially damaging because they at least partly corroborate statements that a top assistant, James C. Smith, made to federal prosecutors a year ago. Based on Smith's allegations, prosecutors in May 1992 subpoenaed the official expense records of Rostenkowski, then-Rep. Joe P. Kolter (D-Pa.) and Rep. Austin J. Murphy (D-Pa.).

Rota's plea agreement comes as Rostenkowski takes center stage as the House leader in negotiations on President Clinton's budget package. Rostenkowski also is expected to be a key player in the debate over Clinton's proposed health care reforms. If indicted, he would have to step down from his Ways and Means chairmanship.

Prosecutors declined to indicate whether or when they might seek indictments from a federal grand jury that has been investigating criminal activities at the House Post Office. No congressman was named in court documents or by the prosecutors.

Rota stipulated in court papers that he directly gave

See POST OFFICE, A7, Col. 1



BY RAY LUSTIG—THE WASHINGTON POST

Dates and amounts of goods bought by "Congressman A" correspond to postage purchases by Rep. Rostenkowski, shown at budget conference last week.

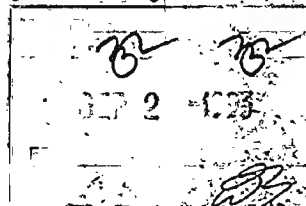
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Rostenkowski's Post Office Problems Shake Hill

Ex-Official's Allegations Threaten to Derail Ways and Means Chief, a Key Budget Player

By Eric Pianin
Washington Post Staff Writer

Democrats on Capitol Hill were uneasy about yesterday's developments in the probe of the House Post Office and their implications for House Ways and Means Chairman Dan Rostenkowski (D-Ill.). But few doubted the news would diminish his effectiveness in negotiating a compromise on President Clinton's budget package.

Former House postmaster Robert V. Rota yesterday pleaded guilty to conspiracy and embezzlement charges and federal prosecutors released documents that pointed to Rostenkowski as "Congressman A"—one of two members who for decades illegally converted gov-

ernment postage stamps to cash and then pocketed the money.

But despite earlier fears that the investigation of alleged wrongdoing at the House Post Office might jeopardize Rostenkowski's role in the budget negotiations, Democrats insisted yesterday that with the House-Senate conference already underway, it is unlikely that the latest revelations will affect the powerful chairman's influence.

Even if Rostenkowski were to be indicted and forced to step aside as chairman, as required under House Democratic rules, House and Senate aides said that he unquestionably would remain as the Ways and Means Committee's chief negotiator and strategist during these

final three crucial weeks of negotiations and congressional action.

"Whatever happens in this matter, I'm sure it won't complicate what we have to do in the budget reconciliation process and beyond in selling the package to both houses," said a House leadership aide.

"People have been aware this investigation has been going on in the background and it hasn't affected the way anyone deals with Rostenkowski," said Lawrence O'Donnell Jr., top aide to Sen. Daniel Patrick Moynihan, chairman of the Senate Finance Committee. "There's no one who has worked with Danny Rostenkowski who thinks any of this stuff could possibly be true and everyone thinks he will be here a very

long time and everyone deals with him accordingly."

Rostenkowski was out of town yesterday and unavailable for comment. He and Moynihan were scheduled to resume talks on the five-year deficit-reduction package today.

Although Rostenkowski's problems with federal prosecutors have been the subject of intense speculation on Capitol Hill for months, aides to the leadership said yesterday that there has been no contingency planning for the possibility that Rostenkowski would have to relinquish his chairmanship.

Rep. Sam M. Gibbons (D-Fla.), ranking Democrat on the Ways and Means Committee and next in line to be chairman, said he had approached

House Speaker Thomas S. Foley (D-Wash.) and House Majority Leader Richard A. Gephardt (D-Mo.) early this year to discuss the possible succession but, "I didn't elicit any response from them."

"I told them I am able to take over at any time as the need arises," said Gibbons, 73, a prominent free-trade advocate who has clashed with Rostenkowski from time to time. "I figured that was my responsibility."

Gibbons has warned that the budget negotiations could prove to be among the most difficult in memory because of the deep divisions between the House and Senate, and that a sudden change in the committee's chairmanship could further complicate the process.

"There's not any clearly defined avenue," he said, "but I'm sure we'd continue to work closely and collegially together."

Rostenkowski, 65, began his 18th term in Congress in January with high hopes of capping his ca-

reer by helping a new Democratic president enact his economic policies and launch a major national health care reform initiative.

But since then, the gruff Chicago Democrat has been buffeted by reports of the grand jury probe of allegations that he may have illegally pocketed nearly \$56,000 in public and campaign funds through an arrangement with House Post Office officials—reports that left many of his Democratic and Republican colleagues baffled and disbelieving.

Why, some asked, would a powerful politician who could have retired this year and lawfully kept more than \$1 million in his campaign war chest risk all by chiseling on the purchase of postage stamps?

Rostenkowski's staff did its best to cope with the latest report yesterday, but clearly some were shaken.

"This has been a very, very weird experience," said one aide.

Former House Postmaster Pleads Guilty to Helping Lawmakers Embezzle Cash

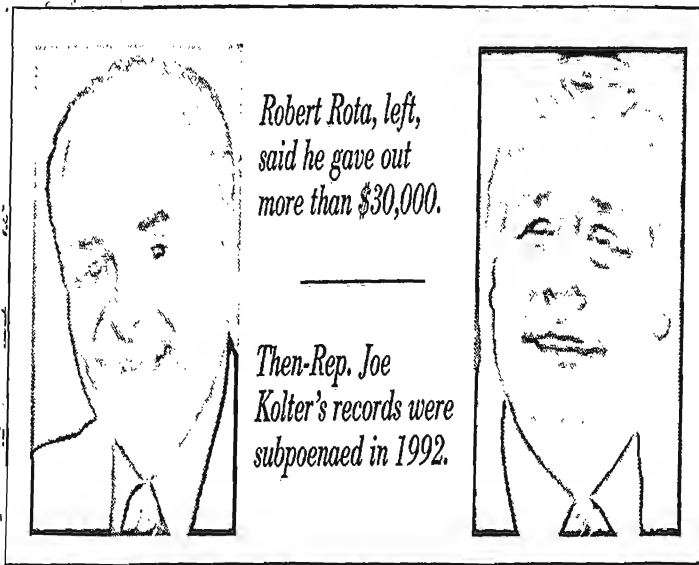
POST OFFICE, From A1

more than \$30,000 in cash to two congressmen in 19 specific transactions between May 1985 and April 1991. Rota said he provided the money either in exchange for official expense vouchers made out for postage or for stamps previously obtained with a voucher from the House Post Office, which operates under a contract with the U.S. Postal Service.

The documents refer to the two representatives as "Congressman A" and "Congressman B." But the dates, amounts and descriptions of the goods bought by "Congressman A" correspond—except for one with an incomplete date and "unknown" description—to postage purchases that were made by Rostenkowski and itemized in published quarterly reports of the House clerk's office. They total \$21,300.

The \$9,300 in purchases attributed to "Congressman B" correlate with those of Kolter, who was defeated in last year's primary.

The court documents made clear that more than two congressmen were involved. "Rota gave cash from funds maintained at the House Post Office to each of several members of the House of Representa-



town, and his lawyers did not return several phone calls. A phone message left at Kolter's home in New Brighton, Pa., was not returned.

The plea agreement filed with U.S. District Judge Norma H. Johnson cited a "readily provable monetary loss to the United States" of between \$20,000 and \$40,000 since 1978. The government asserted, and Rota assented in court, that he "has been giving cash from

funds and one count of aiding and abetting embezzlement with each of the two congressmen. He could receive a maximum of three years in prison, three years on probation and a fine of \$300,000. Sentencing was set for Oct. 12.

After Assistant U.S. Attorney Thomas J. Motley recited the government's evidence, Judge Johnson asked Rota if the allegations were true. "I can't remember exactly the

postage stamps, the government charges in its summary of evidence. Each transaction, the summary alleges, "involved the embezzlement of United States funds by certain United States congressmen."

The summary said Rota partici-

pated in a "successful coverup" as far back as 1980, when Justice Department lawyers questioned him and Mary C. Bowman, then Post Office supervisor of accounts. Another employee had reported a cash-for-vouchers exchange.

Rota stopped the exchanges, "despite the requests from Congressman A and Congressman B," between May 1987 and May 1989 because a new employee whom Rota "could not trust" replaced Bowman as supervisor of accounts, prosecutors said. The new supervisor was Paul Tomme, according to House clerk's office reports.

The practice resumed when Smith was placed in the position "with the personal intervention and insistence of Congressman A," who was Smith's House patron. Last year, Rostenkowski acknowledged he became Smith's patron when his prior patron left Congress. Most House Post Office employees, including Rota, were patronage hires until reforms adopted last year.

Rostenkowski was subpoenaed last year to testify before the grand

jury, but he did not testify and sent word through his lawyer that he would use his Fifth Amendment right against self-incrimination. He once suggested that his office was a heavy consumer of postage stamps because of overseas correspondence, which cannot be mailed free under the congressional frank. Rostenkowski has said little else about the investigation, except to suggest its origins were political.

The Clinton administration ousted former U.S. attorney Jay B. Stephens with other GOP-appointed prosecutors across the nation. Interim U.S. Attorney J. Ramsey Johnson called Rota's plea "a significant step forward" in the investigation.

So far seven former House Post Office employees and a former Kolter aide have been convicted. A House Administration Committee inquiry also pointed at Post Office employees, and House Speaker Thomas S. Foley repeatedly has predicted that no House member will be indicted.

Staff writer Michael York contributed to this report.

Rostenkowski Is Dealt Blow In Postal Probe

Ex-Postmaster of the House Admits Embezzlement In Stamps-for-Cash Case

By DAVID ROGERS
And JOE DAVIDSON

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — The House's former postmaster pleaded guilty to embezzlement charges in an important breakthrough for prosecutors seeking to build a case against Ways and Means Committee Chairman Dan Rostenkowski in the cash-for-stamps scandal.

The Chicago Democrat has repeatedly denied any wrongdoing, but former Postmaster Robert Rota's plea and accompanying court papers represent a serious blow to the chairman at a time when he is focusing on final negotiations shaping the Clinton administration's deficit-reduction plan.



Dan Rostenkowski

Documents filed by government investigators list a series of transactions totaling more than \$30,000 in which Mr. Rota allegedly helped two congressmen convert stamps or official postal vouchers into cash. While the papers listed the two lawmakers only as "Congressman A" and "Congressman B," a law-enforcement official later identified them as Mr. Rostenkowski and former Pennsylvania Democrat Joe Kolter, respectively. And this identification appears supported by House records related to Post Office transactions corresponding to the dates listed.

Mr. Rostenkowski's office declined to comment last night. Efforts to reach Mr. Kolter, who was defeated by a fellow Democrat in a Pennsylvania primary last year, were unsuccessful, but in the past he also has denied any wrongdoing.

In Mr. Rostenkowski's case, the documents also refer to a change of Post Office personnel in mid-1989 when a patronage employee of the anonymous Congressman A was elevated by Mr. Rota to the role of supervisor of accounts. This history closely parallels the rise of James Smith, who assumed the supervisor role in the same 1989 period and had past patronage ties to Mr. Rostenkowski.

Mr. Smith has been cooperating with the investigation after receiving a grant of immunity last year, and the significance of the Rota plea is that it appears to give prosecutors a second witness to back up

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Ex-Postmaster of House Admits Guilt, Rostenkowski May Be Hurt

Continued From Page A3
allegations of cash-for-stamps transactions.

Such testimony would be directly at odds with prior statements by the lawmakers involved. And unlike most ethics cases, where both sides argue about how to interpret a common set of facts, this case is striking for the flatly contradictory accounts of what happened.

"Today's guilty plea... is a significant step forward in what has become known as the House Post Office investigation," said U.S. Attorney J. Ramsey Johnson. And though the White House sought to play down any speculation regarding Mr. Rostenkowski's position, House Republicans demanded that all the related vouchers be released as part of a renewed inquiry into Mr. Rota's Post Office tenure.

President Clinton is to lunch today with Mr. Rostenkowski and Senate Finance Committee Chairman Daniel Patrick Moynihan regarding the pending tax negotiations. While the testimony of Mr. Rota, who is cooperating with investigators, could make an indictment of Rep. Rostenkowski more likely, such a development isn't seen as imminent and there are still questions as to what was done with the cash.

If an indictment should result, the Chicago Democrat would be forced to give up his chairmanship under Democratic rules. And at a minimum, Republicans see an opportunity to embarrass the Democratic leadership at a time when it is already struggling to hold its party together behind the massive deficit-reduction plan.

"This is not just a 'Congress' scandal,"

The Post Office inquiry, which began in late 1991, focused first on alleged embezzlement and drug dealing, among low-level employees, then turned to allegations that higher-ranking officials and lawmakers were using stamp transactions to launder political and office funds. In Mr. Rostenkowski's case, his Chicago politico lifestyle has drawn increased attention, and late last year, a wave of new subpoenas went out seeking financial documents and testimony from Rostenkowski aides and family members.

Though the lawmaker complained bitterly of the tactics used at the time by the Republican prosecutor in the District of Columbia, the case has continued under the new Democratic Justice Department. The chairman was described as particularly upset when family members were called as witnesses early this summer, and he himself has refused so far to testify, invoking his Fifth Amendment protection against self-incrimination.

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THE WALL STREET JOURNAL

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What's News—

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Business and Finance

World-Wide

ROSTENKOWSKI'S ROLE in Clinton's budget deficit-cutting plan could be threatened by the guilty plea a former House postmaster entered over embezzlement charges. Papers filed in the case indicate the postmaster helped Democrat Rostenkowski improperly convert stamps to cash, a law-enforcement official said.

Support for dropping any form of energy tax from the deficit-reduction bill has spread from the House to the Senate, as two senior Democratic senators have begun pushing the idea.

(Article on Page A3)

GM settled all outstanding class actions involving its 4.7 million pickup trucks with side-mounted gasoline tanks by agreeing to give each owner a \$1,000 coupon toward the purchase of a new GM truck. The car maker maintains the trucks are safe and said again that it doesn't plan a recall.

(Article on Page A3)

Oil futures initially plunged to three-year lows on renewed indications Iraq may begin exporting crude again soon. But prices rebounded after OPEC announced an emergency meeting to cope with the prospect of Iraq's exports. Some crude futures were up more than 70 cents a barrel.

(Article on Page C12)

CLINTON ANNOUNCED a compromise to allow homosexuals into the military.

The president, retreating on a politically explosive issue, said homosexuals would be allowed to serve in the military but only if they refrain from homosexual conduct. But his endorsement of the "don't ask, don't tell" policy could face a legislative challenge that may prevent relaxation of, or even toughen, current rules. Clinton's decision angered many gay leaders, who said homosexuals in the armed forces would have to remain in hiding. (Article on Page A2)

In a victory for gay-rights advocates, Colorado's highest court refused to lift an injunction against a 1992 state law banning legal protections for homosexuals.

FBI CHIEF SESSIONS WAS FIRED by Clinton after resisting pressure to quit.

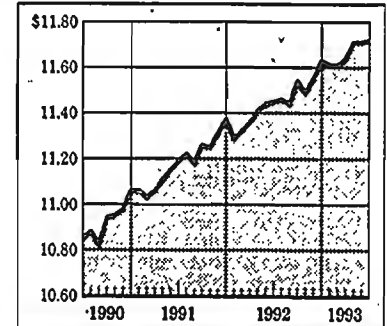
The president, in taking the action, cited "serious questions" about the FBI director's conduct and leadership. It was the first time an FBI chief has ever been dismissed. The firing of Sessions ended a long feud between the director and the White House. An internal report six months ago had accused Sessions of ethical lapses, but he fought the allegations and denied any wrongdoing. (Article on Page A12)

Clinton is expected to nominate U.S. District Judge Freeh of New York to head the agency. Freeh is a 43-year-old former FBI agent and federal prosecutor.

Mississippi River waters crested at St. Louis, at a level some three feet below the rim of a 52-foot flood wall protecting most of the Missouri city. In Des Moines, Iowa, water started flowing back into the city's

Hourly Earnings

In dollars per hour.



AVERAGE HOURLY PAY of factory workers rose in June to \$11.72 from \$11.71 in May, the Labor Department reports.

Their Favorite Thing Is Coltrane's Music On Sunday Morning

The Jazz Saxophonist Is a Saint
To These Hip Congregants,
Who Worship His Sound

By WENDY WALL

Special to THE WALL STREET JOURNAL
SAN FRANCISCO — Under a giant painting of jazz legend John Coltrane, the band is cooking: Sweat beads on the temples of a dreadlocked drummer, one of the singers closes her eyes as she croons and a soloist clad in black walls on a soprano saxophone.

It is a scene out of any number of jazz joints throughout this city. But this particular boite happens to be St. John's African Orthodox Church or, as it is known to a

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Rostenkowski Linked to House Postal Scam

 By DOUGLAS FRANTZ
TIMES STAFF WRITER

WASHINGTON—The former head of the House post office pleaded guilty Monday to providing lawmakers with illegal cash for 20 years and implicated a congressman identified as House Ways and Means Chairman Dan Rostenkowski (D-Ill.) in the scandal.

Former House Postmaster Robert V. Rota admitted in federal court here that he conspired with members of Congress to provide them with thousands of dollars in cash in exchange for expense vouchers and stamps purchased with taxpayer money.

The plea agreement identified two congressmen who received cash from Rota only as "Congressman A" and "Congressman B." Other documents and two sources close to the federal investigation confirmed that Rostenkowski is Congressman A. Records indicate that the Chicago Democrat received at least \$21,300 in cash.

Rostenkowski, regarded as one of the most powerful members of Congress, had no comment Monday, according to a spokesman. He has vehemently denied any wrongdoing and criticized the 2-year-old investigation as politically motivated.

"Rota's agreement to cooperate with prosecutors is a very big step

in the direction of possible charges against Rostenkowski," said a source involved in the investigation, which is being conducted by the U.S. attorney's office here.

Democratic rules would force Rostenkowski to give up the chairmanship of the tax-writing committee if he is indicted. But it is uncertain what impact the new disclosure will have on his ability to continue to negotiate a compromise agreement with the Senate in closed-door meetings this week on President Clinton's deficit-reduction bill, which raises taxes and cuts spending by \$500 billion.

Rota's surprise agreement to cooperate with prosecutors provides a major boost to an investigation that began after a low-level clerk was discovered to have stolen money from the post office. Rota became the ninth and highest-ranking former official to plead guilty in the inquiry.

Rostenkowski has long been identified by sources close to the investigation as the primary target. Last year, he refused to appear before a federal grand jury, citing the Fifth Amendment protection against self-incrimination.

Since then, several members of Rostenkowski's personal staff and the Ways and Means Committee have been granted immunity and compelled to testify before the grand jury. Sources have indicated that the investigation has expanded beyond Rostenkowski's dealings with the post office to include allegations about campaign spending and other office expenses.

Prosecutors negotiated for several months to obtain Rota's cooperation. He agreed to plead guilty

to three misdemeanors, provide information about the alleged scheme to investigators and possibly testify in court.

Calling the plea bargain a "significant step forward," interim U.S. Atty. J. Ramsey Johnson said that Rota had admitted turning the House post office into "a convenient ... and largely untraceable source of illegal cash for selected members of Congress."

As described in court documents, the scheme was a relatively simple means of converting government funds into cash.

Each congressman has an office budget upon which vouchers can be drawn. Congressmen or staff members use vouchers to buy stamps at the post office for official mail that does not qualify for the free franking privilege.

However, Rota told prosecutors that soon after he started as postmaster in 1972, he conspired with congressmen to transform the operation into a small-scale money laundry. Court papers and prosecutors outlined two primary means for converting stamps and vouchers into cash.

In some cases, congressmen returned the stamps to Rota and received cash, which they pocketed. In other instances, Rota told prosecutors that he did not bother with stamps—he simply gave the congressmen cash in exchange for vouchers. Each act would constitute embezzlement of U.S. funds.

The charges against Rota list 12 separate instances in which Congressman A exchanged stamps or vouchers for cash from 1985 to 1987 and 1989 to 1991. The amounts ranged from a low of \$900 to a high of \$2,800.

Prosecutors also said that Rota gave lawmakers cash for political action committees but those transactions were not part of his plea bargain.

Johnson said that Rota acted at the insistence of certain congressmen and operated the scheme to keep his patronage job. Johnson said that Rota did not receive any money himself.

At various points over the years, Rota lied to federal and congressional investigators about exchanging stamps for cash. The scheme was interrupted in May, 1987, when Rota allegedly told Rostenkowski that he did not trust a new employee to carry out the scheme, according to court records.

Two years later, the employee was replaced by a patronage worker sponsored by Rostenkowski and the scheme resumed, according to the files. The patronage worker has been identified in other documents as James C. Smith, who also is cooperating with prosecutors.

Jay B. Stephens, the former U.S. attorney who initiated the investigation, said that he expects action soon.

"A speedy conclusion and action regarding members of Congress allegedly involved should come shortly unless there is some intervening action by the Administration," said Stephens.

Congressman B was identified by sources and records as former Rep. Joe Kolter (D-Pa.). Attempts to reach him for comment were unsuccessful but he has previously denied wrongdoing.

The first impact of Rota's cooperation is likely to be felt this week in the House-Senate negotiations over the federal budget. Democrats fear that Rostenkowski's authority will be weakened there and as a chief proponent of the upcoming health care reform legislation and other key measures.

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"It doesn't look good for him," said one House Democrat who said that he believes the tough-talking Chicagoan would be almost irreplaceable in passage of health care, trade and welfare reform legislation as well as the budget package. "It's a disaster for the President and the party and the country—it's our worst nightmare."

Republicans gloated. "Just as in Japan, this is about corrupt one-party rule for four decades," said Rep. Newt Gingrich (R-Ga.), the House Republican whip.

BACKGROUND

■ The House post office scandal came to light when low-level clerks were investigated on drug and embezzlement charges. The probe spread to include use of the mail operation as a place where House members could obtain cash illegally. Nine people have pleaded guilty in the investigation of the post office, which is a contract agency of the U.S. Postal Service staffed solely by House employees.

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THE WASHINGTON POST

Guilty Plea Refocuses Attention On How the House Is Managed

Implicated in Post Office Scandal, Rostenkowski Has 'No Comment'

By Kenneth J. Cooper
 Washington Post Staff Writer

Democratic leaders tried for more than a year to shift public attention from the House's own affairs to the business of writing laws, but new evidence of embezzlement at the House Post Office has turned the focus back on internal management issues.

Speaker Thomas S. Foley (D-Wash.) said he found "deeply distressing" Robert V. Rota's courtroom admissions that he illegally gave several House members cash for postage vouchers during his two decades as the House's elected postmaster. Rota, who resigned last March, pleaded guilty Monday to three misdemeanors and agreed to cooperate with federal investigators.

"Well, obviously I am surprised by the extent of them and distressed by them," Foley said of Rota's allegations. "You know, I have a deep concern that the public confidence in the House needs to be strengthened, not to be further eroded."

Republican leaders, as they did last year amid the House Bank and Post Office scandals, pressed for the disclosure of confidential documents to distance themselves from any instances of wrongdoing.

"Public disclosure, like with the

bank thing, is the best thing to do," said Rep. Pat Roberts (R-Kan.), who participated last year in an internal investigation of the post office.

Roberts, for instance, said House leaders should release the numbers of 19 postage vouchers cited in court papers as ones that Rota exchanged with "Congressman A" and "Congressman B" for more than \$30,000. The dates, amounts and descriptions of the vouchers match those of Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) and former representative Joe P. Kolter (D-Pa.).

"No comment," Rostenkowski told reporters before going to a White House lunch, where he sat next to President Clinton. Rostenkowski, a leader of House negotiators on Clinton's economic package, indicated he was following lawyers' advice to remain silent about Rota's allegations.

On CNN's "Larry King Live" last night, Clinton said he was not involved in the case but that "like every other American," Rostenkowski "should be given a presumption of innocence." He also praised Rostenkowski's efforts on behalf of the economic package.

Three sources close the federal investigation said that Virginia C. Fletcher, a Washington aide to Ros-

tenkowski for 30 years, invoked her Fifth Amendment right against self-incrimination but has been compelled to accept immunity from prosecution and testify before a federal grand jury. The sources said Fletcher's testimony has not aided prosecutors. "It would be inappropriate to comment," said Paul L. Perito, Fletcher's lawyer.

Kolter did not return a telephone call, but his lawyer, Alan Baron, said: "Kolter denies any wrongdoing."

Roberts urged the House to dispel any doubts about the identities of "Congressman A" and "Congressman B." "I don't understand why we can't say, 'Here's the voucher numbers. That's who it is,'" he said.

The Republican leadership also prepared a resolution to authorize public release of all documents from last year's internal investigation, including the transcripts of interviews of Rota and 37 other witnesses. In court documents, Rota acknowledged lying in his interview about whether there were cash-for-stamps exchanges at the House Post Office.

Almost exactly a year ago, the House twice defeated GOP-sponsored amendments to release the investigative documents, 207 to 200 and 223 to 196.

Democratic leaders, having



House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), left, and Senate Finance Committee Chairman Daniel Patrick Moynihan (D-N.Y.) at House-Senate conference on President Clinton's economic program.

learned a lesson or two from a horrible 1992, moved to head off embarrassing votes and held an afternoon meeting with their GOP counterparts.

Rep. David Dreier (R-Calif.), a vice chairman of a congressional reorganization panel, suggested Rota's statements could "provide an impetus" for the committee's recommendations, due in September.

"Some members would love to sweep it under the rug. It makes it more difficult for those members who are not reform-minded to stay that way," Dreier suggested.

In defense of the House, Foley

cited management reforms at the post office last year. Michael J. Shinay, an experienced executive with the U.S. Postal Service, was hired as Rota's successor. Shinay said he has eliminated patronage hiring, relying instead on a two-part examination.

Leonard P. Wishart, a retired Army general, was hired to oversee nonlegislative operations such as the post office and House restaurants. Wishart said nonpartisan hiring procedures for the 700 to 900 employees under his jurisdiction would be submitted to the House

Administration Committee later this month.

"There is no possible way ... these events could take place today," Foley told reporters.

They never did, according to Rostenkowski's many Democratic defenders. "It's inconceivable to me that he did it," said Rep. Dan Glickman (D-Kan.), chairman of the Permanent Select Committee on Intelligence.

Staff writers David S. Hiltz, Kevin Merida, Eric Pianin and Michael York contributed to this report.

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newspaper, city and state.)

WASHINGTON TIMES

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The Washington Times

WEDNESDAY, JULY 21, 1993 *

WASHINGTON, D.C.

PHONE: (202) 636-3000
SUBSCRIBER SERVICE: (202) 636-3333 25 centsHouse postal task force
agrees to bare secretsDemocrats fear
budget impactBy Paul M. Rodriguez
THE WASHINGTON TIMES

House Democrats, under pressure from Republicans and shocked by the revelations of former House Postmaster Robert V. Rota, have tentatively agreed to make public all documents and secret testimony from a congressional task force probe of the House Post Office.

To formalize the process, GOP leaders are prepared later today to introduce a resolution in the House they believe many Democrats, especially freshmen, will approve to make public the materials that so far have been seen only by the task force, the House ethics committee and the Justice Department.

"Yes, we expect to make public all of these documents," said Rep. Charlie Rose, North Carolina Democrat and chairman of the House Administration Committee.

Included are depositions taken under oath from Heather Foley, wife of House Speaker Thomas S. Foley, who reportedly attempted to deflect an investigation of the post office.

The action came as Democrats



Photo by Ross D. Franklin/The Washington Times

Democratic dinner: President Clinton eats at the White House with Rep. Dan Rostenkowski, whose post office troubles may affect the budget talks.

met with President Clinton to rally behind his budget package.

The president and other Democratic leaders said publicly they were not concerned for now about any fallout from the widening post office probe and indications that Rep. Dan Rostenkowski, powerful chairman of the House Ways and

Means Committee and a key budget player, was involved in a postal embezzlement conspiracy.

"No," Mr. Clinton said. "We've got a lot of work to do. Chairman Rostenkowski's done a great job with this budget so far, and we've worked very

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POSTAL

From page A1

closely together. And we're going to work today. I don't know anything about the rest of it."

Sen. Daniel Patrick Moynihan of New York, chairman of the Senate Finance Committee, agreed: "Not one bit. Not the least bit. His status hasn't changed."

Privately, however, many acknowledged that if Mr. Rostenkowski were indicted in the next three weeks in connection with the probe, it could have a major impact on budget talks.

Mr. Rota, admitting to a 20-year conspiracy to embezzle post office funds by using congressional vouchers, implicated two congressmen believed to be Mr. Rostenkowski, Illinois Democrat, and former Rep. Joe Kolter, Pennsylvania Democrat.

Mr. Rostenkowski and Mr. Kolter were not named by prosecutors, but dates and amounts for their vouchers matched those listed in the criminal information filed by U.S. Attorney J. Ramsey Johnson. Both have previously been subpoenaed by a federal grand jury but have refused to testify on Fifth Amendment grounds.

Neither was talking yesterday.

"I have no comment to make," Mr. Rostenkowski said prior to a luncheon date with Mr. Clinton to discuss ongoing budget negotiations. He acknowledged to reporters that his silence was on the advice of his attorneys.

"Like every other American, he should be given a presumption of innocence," Mr. Clinton said last night on CNN's "Larry King Live." The president said he was "not involved [in the case] and shouldn't be."

Mr. Foley told reporters yesterday he was "surprised by the extent" of Mr. Rota's allegations, made in a plea agreement with federal prosecutors that was announced Monday.

"I have a deep concern that confidence in the House needs to be strengthened, not further eroded," said Mr. Foley, Washington Democrat.

Mr. Foley said it was unfair to Mr. Rostenkowski to be tried and convicted in the press. "There is no information from the Justice Department, from any source, that indicates that any member of Congress is about to be indicted. To make assumptions about any individual prior to such circumstance would be totally unjustified," Mr. Foley said.

House rules would require Mr. Rostenkowski to step aside as chairman of the Ways and Means Commit-

tee if he is indicted. The next most senior member of the committee, Rep. Sam Gibbons, Florida Democrat, would then assume the chairmanship.

Mr. Gibbons, 73, sought to downplay any speculation that he would be replacing Mr. Rostenkowski.

"He seems to be doing all right. It hasn't affected him at all, as far as I can tell," Mr. Gibbons said. "I don't think it's going to happen any time soon. We're going to get over this thing [the conference] in a few weeks."

Other Democrats were quick to rally around Mr. Rostenkowski as the first day of earnest negotiations on the budget plan got under way.

"I told him to relax, he's going to win this fight," said Jack Brooks, Texas Democrat and chairman of the House Judiciary Committee.

Preparing for the release of the post office documents, Mr. Rose said he and Rep. Bill Thomas, California Republican, had begun to work on "how best to get these documents out into the public." Mr. Thomas is the ranking Republican on the Administration Committee.

"I cannot tell you if it will be today or tomorrow, but it's being worked on," Mr. Rose said. It was a subgroup of his panel that constituted the task force that investigated allegations of corruption at the post office last year.

Included in the documents are depositions from Mr. Rota, former House Counsel Steven R. Ross, Mrs. Foley, wife and unpaid chief of staff to Mr. Foley, and scores of other people who were interviewed by the task force during a four-month probe into allegations of illegal drug sales, embezzlement and campaign irregularities.

Details of the probe were reported in The Washington Times in a series of articles beginning in January 1992.

Mr. Foley told reporters yesterday that he did not "believe that we will interrupt the proceedings" underway at the budget conference to pass the president's budget proposals.

The speaker reminded reporters that all of the circumstances that led to Mr. Rota's conviction and that of seven other former post office employees no longer exist because of major reforms instituted by the House last year after the scandal and separate disclosures about the now-closed House bank.

Mr. Rota was forced to resign in March 1992.

The pettiness of 'Congressman A'

Perhaps not since Esau traded his birthright for a mess of porridge has so much apparently been jeopardized for so little.

That's what most startles about the newest bomb-burst in the House of Representatives postage stamp scandal—the smallness of the winnings in comparison to the enormity of the potential loss.

The federal investigation has been unfolding for months, but not until Monday, when former House Postmaster Robert Rota pleaded guilty to conspiracy and embezzlement, has the public gotten a clear fix on what happened and how much—or more accurately, how little—was involved.

Rota admitted to helping an undisclosed number of congressmen swap postage stamps and stamp vouchers for cash from the years 1972 through 1991. His plea statement didn't name names, but Rota said he helped a "Congressman A" illegally collect \$21,300 and a "Congressman B" collect \$9,300.

Other court documents indicate that Congressman B is probably former Pennsylvania Rep. Joe Kolter, and that Congressman A is likely to be Chicago's own Rep. Dan Rostenkowski.

The timing couldn't have been worse.

As chairman of the House Ways and Means Com-

mittee, "Rosty" has been trying to steer President Clinton's deficit reduction legislation through Congress. Indeed, Monday's revelations occurred just as Rostenkowski and Sen. Daniel Moynihan were tackling the critical job of reconciling House and Senate versions of the deficit package so as to preserve paper-thin majorities in both chambers. Many feel that nothing less than the success of the Clinton presidency rides on the outcome of their effort.

It must be remembered that Rostenkowski has been charged with nothing so far. And that even if he is indicted, he will have every opportunity to defend himself in court.

Still, the implications of Rota's guilty plea are as perplexing as they are enormous. Could it be that Dan Rostenkowski, the master of the six-figure fundraiser and the five-figure speakers' fee, risked everything for \$2,000 to \$4,000 a year in pocket cash?

Then again, other questions have been raised about Rostenkowski's use of campaign funds to rent a family-owned office in Chicago, and his purchase of government-funded leased cars. There appears to be a pattern of pettiness here, a pattern that has officials from City Hall to the White House fretting that the answer might be yes.

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House Once OK'd Scheme, Say Veterans

By Basil Talbott
Sun-Times Washington Bureau

WASHINGTON—Cashing in office postage stamps for pocket money—which is at the heart of the embezzlement scheme in which Rep. Dan Rostenkowski has been implicated—was a permitted House practice decades ago, three veterans of Congress maintained Tuesday.

"Thirty years ago some people might have done that to have some going-home money," said Rep. Jack Brooks (D-Texas), minimizing the accusations involving Rostenkowski.

Brooks, who has been in Congress since 1954, dismissed the grand jury investigation of the House post office as part of a "vendetta against Congress" by Republican holdovers in the U.S. attorney's office and he urged Rostenkowski to "relax."



Jack Brooks

Rep. Steny H. Hoyer (D-Md.), who was elected in 1980, agreed that stamps-for-cash had been House policy. "It was a bad policy then, and it was right that it was changed," Hoyer said. "It used to be that if you have not used up the stamps you were allotted, you could covert them to money."

Hoyer did not recall when or by whom the policy was changed.

Rep. John P. Murtha (D-Pa.), first elected to Congress in 1974, said he never converted stamps to money but added, "a lot of members probably did." Members also were once able to convert money allotted for office stationery to personal use, he said.

A House leadership aide said he wasn't familiar with the practice.

Was Rostenkowski, who was first elected to Congress in 1958, aware of the supposed policy and did he take advantage of it? "I don't know if he was familiar with it," said a spokesman.

Scandals over House members' spending practices prompted reforms in 1977 by the Commission on Administrative Review, headed by Rep. David Obey (D-Wis.).

In the embezzlement scheme outlined in court documents, the former head of the House post office, Robert V. Rota, has admitted giving several House members cash in exchange for office vouchers or for postage stamps obtained with vouchers.

Members of Congress obtain stamps at the post office for official mail that does not qualify to be sent free under the congressional franking privilege, such as overseas mail.

The charges against Rota list 12 separate instances in which a "Congressman A"—whom documents show to be Rostenkowski—exchanged stamps or vouchers for cash from 1985 to 1987 and 1989 to 1991. The amounts ranged from \$900 to \$2,800.

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Page 8
Chicago Sun-Times
Chicago, Illinois

Date: July 21, 1993
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SAY VETERANS

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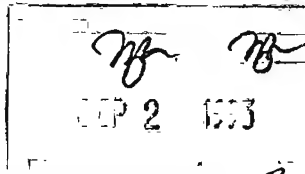
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accomplishments that indicated that he has been thinking about what life without "Rosty" would be like for the city: the passenger fee for airports; Kennedy Expressway reconstruction funding; the downtown circulator project; low-income housing tax credits; federal flood assistance for Chicago's South Side; and the expensive Deep Tunnel storm sewer project.

While he hastened to tell reporters that he wasn't calling the Rostenkowski probe a political witch hunt, Daley did say that he was "shocked" that the former U.S. attorney who initiated the grand jury investigation, Jay Stephens, has announced his candidacy for U.S. senator in Virginia.

Daley said such a blatant political move can raise some doubts about whether the investigation might have political motivations.

Axelrod recommended that anyone eager to replace Rostenkowski ought to "hold their fire."

He said: "This guy has been tried and convicted in the newspapers, but no action has been taken against him in the courts. We don't know if such action will be taken, and even if it is, we don't know that it will result in a conviction."

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Line forming to succeed Rostenkowski

By Robert Davis
and Thomas Hardy
TRIBUNE STAFF REPORTERS

The greatest measure of success in politics is the ability to look beyond the present, to play chess instead of checkers, to assess immediately a development and mentally play it out to the end, all the time asking the age-old question: "What's in it for me?"

In City Hall—where political plots unfold constantly and careers are often made or broken on all levels—and in ward offices from the lakefront to the Far Northwest Side, the talk Tuesday was of U.S. Rep. Dan Rostenkowski's troubles and the future of his congressional seat.

The House Ways and Means Committee chairman reputedly is the "Congressman A" incriminated Monday by a former House postmaster's guilty plea to three federal misdemeanor charges in an embezzling scheme.

Rostenkowski, 65, brushed past reporters outside his committee office with a terse "no comment" Tuesday morning.

Although there have been no formal charges filed against him, there was heavy betting on Capitol Hill and in Chicago that the 34-year member of Congress will have his term cut short by a federal grand jury or that he will not stand for re-election next year.

Under House rules, committee chairmen must resign their posts if they are indicted, although they can remain in Congress until their case is adjudicated.

But Rostenkowski "won't sit and be jerked around by this process, and he won't stay in Congress without his chairmanship," predicted one Chicago Democrat who is close to him.

The result was unbridled speculation about who might have the upper hand to replace Rostenkowski in the new 5th Congressional District, which sprawls from the 43rd Ward and the lakefront to the Northwest Side and suburban Schiller Park.

"Obviously there's going to be a lot of people looking at this situation, a lot of ambitions in play," said media consultant David Axelrod, who worked on the Democrat's campaign last year.

In deference to Rostenkowski and the uncertainty of his situation, most Democrats tried to be discreet in discussing their interest in the congressional seat.

The exception was former Ald. Dick Simpson, who lost his primary challenge to Rostenkowski last year and has publicly conducted a death watch of the laborious grand jury probe. Simpson renewed his demand for Rostenkowski to resign immediately.

The typical reaction, however, was along the lines of remarks by Ald. Eugene Schuler (47th), who formed a congressional campaign exploratory committee four months ago.

"I want to make it clear that at this stage of the game, I have no intentions to run against [Rostenkowski] if he decides to seek re-election," Schuler said. "But if it's a level playing field and he's not going to be there, I certainly want to be able to present my credentials to the district folks."

Counting herself among them, Marge Laurino said: "I suspect the congressional wanna-bes certainly aren't going to make any moves on this until Rostenkowski decides what he's going to do."

Laurino, a Democratic state central committeewoman and daughter of Ald. Anthony Laurino (39th), said Rostenkowski's reputation among local voters was hurt more by a highly publicized 1989 confrontation with senior citizens over health-care benefits than by the post office scandal.

In addition to Laurino and Schuler, Democrats mentioned as possible candidates to replace Rostenkowski, who is in his 18th term, include: state Sen. John Cullerton; first-term state Reps. Nancy Kaszak, Joseph Kotlarz and Rod Blagojevich; Cook County Commissioner Ted Lechowicz; and Ald. Michael Wojcik (35th).

The list is expected to grow, as is the level of confusion.

In the event that Rostenkowski were to resign more than 180 days before the November 1994 election, Gov. Jim Edgar would have to declare the seat vacant and a special election would then be held within 120 days.

Special and regular election campaigns for the seat could be under way almost simultaneously.

Apart from Simpson, the most active player Tuesday was Ald. Richard Mell (33rd), a well-known political weather vane who in recent times has been hawking the talents of Blagojevich, his son-in-law.

Mell himself toyed with the idea of running for Congress just last year in the new heavily Hispanic 4th District eventually taken over by former Ald. Luis Gutierrez (26th).

Mell again was floating the idea of sending his son-in-law to Congress, and he was even proudly showing reporters examples of the campaign handiwork he used to send Blagojevich to Springfield. One, featuring pictures of the Statue of Liberty and the candidate, the son of Serbian immigrants, "still brings tears to my eyes," Mell said.

Mayor Richard Daley, meantime, was cautious Tuesday when asked what he thought the future holds for Rostenkowski, his friend and ally. Again, confusion and uncertainty about the Rostenkowski case pervaded a City Hall news conference.

"No one knows. I don't know. You just don't know," said Daley, a former county prosecutor, who nonetheless expressed bewilderment about what the legal developments meant to Rostenkowski.

Asked to explain what Rostenkowski has done for Chicago, Daley quickly ticked off a list of

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Probers Look for a Pattern

Campaign Funds, Payrollers Examined

By Michael Briggs
and Mark Brown
Staff Writers

The federal investigation that has implicated Rep. Dan Rostenkowski (D-Ill.) in a scheme to embezzle cash from the House post office continues to examine other financial affairs of the Chicago congressman as well.

Agents of the FBI, the Internal Revenue Service and other investigators have tried to determine if there is a pattern of Rostenkowski using his congressional or campaign expense funds to enrich himself and his relatives.

Federal investigators also have examined whether Rostenkowski carried "ghost payrollers" on his congressional staff who really worked for his 32nd Ward organization in Chicago.

Former House Postmaster Robert V. Rota on Monday pleaded guilty to embezzlement and conspiracy and, without naming Rostenkowski, admitted providing tens of thousands of dollars in embezzled funds to several congressmen. Rostenkowski, sources and records indicated, was one of the House members Rota fingered.

A decision on whether to seek an indictment of Rostenkowski apparently is not imminent as investigators continue to piece together evidence in Illinois and in Washington. One source said "a more attractive case" could be made if it could be showed that embezzlement from the post office fit a pattern.

The grand jury that turned its sights on Rostenkowski more than a year ago has heard this summer from witnesses who worked on the federal payroll at a Chicago office shared by Rostenkowski's congressional and political operations and by Ald. Terry Gabinski (32nd).

Gabinski, Rostenkowski's protege, was subpoenaed and, like many other Rostenkowski associates, was granted immunity from prosecution as part of the government's effort to pry information from reluctant loyalists to the 65-year-old legislator.

The grand jury was attempting to determine if workers on the government payroll in the offices at 2148-2150 N. Damen did any work for the federal government. In interviews with the Sun-Times, some of those witnesses said they were even asked to draw charts of the office seating arrangements in order to help grand jurors understand which employees performed what functions.

The Damen buildings have been owned by Rostenkowski's sisters and daughters, who were paid hundreds of thousands of dollars in rent over the years from the federal government and city of Chicago.

The grand jury also has subpoenaed present and former workers at a Wilmette car dealership that provided cars for Rosten-

when Rostenkowski disclosed, as he was required to do under House rules, that May 6, 1992, a grand jury subpoenaed records of his congressional office expense. Records of two Democratic colleagues from Pennsylvania also were subpoenaed.

Rostenkowski at first cooperated with demand for what were mostly public records, but he spurned a follow-up subpoena for him to appear before the grand jury. He claimed that he was a victim of a political witch hunt and invoked his Fifth Amendment right not to provide testimony if prosecutors might use against him.

Last spring, U.S. Attorney Jay B. Stephens, a Republican, was forced out of office by newly appointed Attorney General Janet Reno, who later instructed prosecutors to pursue the investigation.

Stephens, no longer privy to details of the grand jury investigation that he ran, said Tuesday that the conviction of a postmaster should "effectively bring to near conclusion the investigative activity related to the post office activity, and as a result, prosecutors should be able to reach a decision on whether or not any members of Congress would be indicted in the relatively near future unless there is some effort to derail or delay the investigation further for political reasons."

Stephens said the decision to remove him prolonged the investigation. "The Clinton administration action in April either design or otherwise had the effect of delaying the investigation by 90 to 120 days," Stephens said. "The issue now will be whether they take any additional political action."

Nothing to Say On Stamp Scandal

Sun-Times Washington Bureau

WASHINGTON—Rep. Dan Rostenkowski (D-Ill.) declined Tuesday to comment on new developments in the House post office scandal.

"I have no comment," he said. Asked if that was on advice of his lawyer, he said, "Yup. That's right."

Rostenkowski had lunch with President Clinton, who said he did not believe Rostenkowski's legal problems would diminish his effectiveness.

kowski. Prosecutors were following up on reports in the Sun-Times Jan. 24 that Rostenkowski took ownership of three vehicles for which he had charged the government at least \$68,250. One former employee of the dealership said he was asked at a grand jury session this summer to go through a large stack of records to help sort out the Rostenkowski transactions.

There also were subpoenas issued following a Sun-Times report last Dec. 13 that Rostenkowski paid more than \$73,000 in campaign funds to himself and his sisters for a little-used office in a family-owned building adjacent to his home.

Rostenkowski's name first surfaced more than a year ago as a player in what had been a scarcely noticed investigation of theft and drug dealing by low-level workers at the House post office.

The dimensions of the probe expanded

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On Tuesday, Rostenkowski declined to comment on the investigation. His spokesman specifically declined to comment on questions about his alleged misuse of the political funds and the total amount of money he received.

The campaign fund that contains more than \$1 million is called Rostenkowski for Congress. He also has a federal political action committee and a state political action committee, both

of which carry the name American Leaders.

Federal investigators have subpoenaed expense records from all three funds, and the documents relating to Rota's guilty plea Monday maintained that Rota had given illegal cash payments to unnamed congressmen in exchange for checks drawn on political funds.

But the documents provided no details of such exchanges and did not specifically link Rostenkowski to them.

The sources said Rostenkowski also is under scrutiny for the way he handled lease payments for three vehicles and office space in his Near Northwest Side district.

Since 1987, government records show, Rostenkowski's office billed taxpayers more than \$68,000 to lease two vans and a station wagon as "mobile offices" in his district. He later purchased the vehicles for amounts that he said he does not recall.

Records also show that his office has paid \$73,000 in rent to his sisters for space in a building they owned in his district.

Disclosures in the Sun-Times initially prompted federal interest in the vehicle and office leases. Investigators in Chicago are working with prosecutors in Washington on this part of the inquiry.

More than a dozen of Rostenkowski's current and former aides have testified before a federal grand jury in Washington. A number of them have received immunity from prosecution in exchange for their testimony.

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'Congressman A'

There are those who can't seem to fathom the notion that Rep. Dan Rostenkowski might soon be indicted in the House Post Office scandal. As all of Washington knows by now, former House Postmaster Robert V. Rota's plea agreement with federal prosecutors, named two congressmen, identified only as congressmen A and B, as conspiring with him to embezzle Post Office funds by using congressional vouchers. And it so happens that the records identified by Mr. Rota appear to match those of Mr. Rostenkowski and former Rep. Joe Kolter. People who have sprung to Mr. Rostenkowski's defense have not done so because he has been the Mother Teresa of American politics — Mr. Rostenkowski is a classic Chicago machine pol whose reputation has been built upon a knack for horse-trading, arm-twisting and other sorts of political calculation and manipulation. No, the widespread disbelief is rooted in the size of the scandal. "Why," people ask, "would Rosty jeopardize everything for a measly \$15,000 or \$20,000?"

These supporters go on to point out that had the Illinois Democrat retired last year from the House, he could have quite legally transferred the million bucks in his campaign war chest directly into his personal savings account. If Mr. Rostenkowski were in it for the cash, goes the argument, he would have snagged the big pot of gold. If he didn't sell out for a million, comes the conclusion, then how on earth would Mr. Rostenkowski have been corrupted for pathetic small change?

Ultimately this is a curious defense — Rosty supporters are not arguing that the congressman is above reproach, merely that had he run a scam it would have been for real money. And it is a defense that doesn't even hold up, neither logically nor given the evidence of Mr. Rostenkowski's pattern of financial shenanigans.

In simple terms of logic, the defense doesn't hold up because big scams are *not* always the best scams. There is, after all, the old maxim that it is easier to steal one dollar each from a million people than it is to steal 1 million dollars from one person. Similarly, it may be easier and safer to run a multitude of small-potatoes scams that net \$20,000 each than it is to hold together one big conspiracy in which the stakes are higher. And if the scams are always for small amounts a politician can then say, "Why would I threaten my career for such a tiny sum?"

One reason might be that enough tiny sums lumped together make a tidy sum. And if there is any truth to a slew of articles over the years in publications as varied as the Chicago dailies and Congressional Quar-

terly, Mr. Rostenkowski knows how to collect substantial money through a multiplicity of low-dollar, ethically questionable financial arrangements. For one, Mr. Rostenkowski pays most of his day-to-day expenses (lunches at Morton's, for example) through his political action committee or personal re-election campaign. Making personal use of campaign dollars is verboten, of course, but the rules are elastic. According to Congressional Quarterly, "Nearly a third of \$358,331 in operating expenditures reported by Rostenkowski's campaign and his PAC in 1990 and 1991 went for items that enhanced his lifestyle — travel, chauffeurs, car insurance, cable TV bills, dinner out, a golf caddy and rental payments to himself and his family."

The rental payments to himself and his family are perhaps the most interesting part of this pattern of what, but for the bendability of campaign finance laws, might be characterized as petty corruption. Mr. Rostenkowski rents part of a house he owns with his sisters to his campaign. And another part of the house is rented by his House of Representatives' office as a Chicago district office. As of 1991, Mr. Rostenkowski's campaign was giving Mr. Rostenkowski and his sisters \$1,250 a month in rent. The House of Representatives was paying the family \$1,500 a month for its space. And then there are the expenses picked up by the campaign, paying to fix the air conditioning and the furnace in the house, and to replace the carpeting — which in 1990 cost more than \$5,000. Could it be that Mr. Rostenkowski knows not only how to subsidize his own lifestyle but also that of his sisters, who live in the house that is so effectively underwritten by taxpayers and campaign contributors?

These payments may not be illegal (though, then again, a court might have an interesting time determining just how legal they are), but they are clearly dubious. What they show is that Mr. Rostenkowski is not above muddying himself in dubious transactions for small change. That by no means proves that the congressman is guilty of criminal wrongdoing in the Post Office scandal: It simply puts the lie to the idea that Mr. Rostenkowski would never risk his reputation for pocket money.

As to the idea that Mr. Rostenkowski could have cashed in his campaign fund for a quick million had he been interested in the high life, that assumes the congressman would have been willing to get out of politics. And there seems to be no disagreement that that is the one thing Mr. Rostenkowski would not have been willing to do.

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Chicago Tribune

DATE: 7/21/93
PAGE: 1

U.S. probes Rostenkowski campaign fund use

By Christopher Drew
and Michael Tackett
TRIBUNE STAFF WRITERS

WASHINGTON—Federal prosecutors are investigating whether Rep. Dan Rostenkowski may have pocketed as much as \$100,000 by exchanging checks drawn on political campaign funds and government expense vouchers for cash at the House post office, sources said Tuesday.

While federal authorities have disclosed allegations that the Chicago Democrat may have embezzled at least \$20,000 by misusing office expense vouchers, they also have evidence suggesting that he may have converted tens of thousands of dollars in campaign funds to his own use in the guise of stamp purchases, the

sources said.

Investigators believe that over the last decade, the 18-term member of Congress may have received "in the ballpark" of \$80,000 to \$100,000 through the two types of transactions, said the sources, who spoke on condition of anonymity.

They said investigators in Washington and Chicago also are examining Rostenkowski's arrangements for leasing vehicles and office space in the Chi-

cago area as part of an intensifying effort to determine whether he has abused his position to enhance his lifestyle.

Former House postmaster Robert Rota, who pleaded guilty to federal charges Monday, said that for years he had provided a "largely untraceable source of illegal cash" to several members of Congress.

Federal law-enforcement officials said that Rostenkowski, 65, the powerful chairman of

the House Ways and Means Committee, is by far the most prominent of a handful of current and former House members who participated in the alleged scheme. Rostenkowski has denied wrongdoing and declined to discuss the allegations.

On Monday, the officials and court documents revealed that Rota has told authorities he gave Rostenkowski \$20,300 in

government cash from 1986 to 1992 in exchange for vouchers normally used to bill House offices for the purchase of stamps.

But investigators also believe Rostenkowski used the House post office on a number of occasions over the last decade to improperly cash checks drawn on his re-election campaign and political action committees, the sources said.

They said the checks were made out to the post office and were listed in the records of the political funds as being for stamp purchases.

But investigators believe that Rota gave cash to Rostenkowski instead of stamps in transactions that could have violated federal election laws by defrauding the political funds, the sources said.

Rota has agreed to cooperate with the investigation. Prosecutors are asking him about the range of his dealings with Rostenkowski and are seeking corroborating evidence. Rota, reached by telephone, declined to discuss the investigation.

While Rostenkowski's ties to Rota remain the prime focus of the investigation, the authorities are seeking to determine if Rostenkowski has engaged in a broad pattern of self-dealing before seeking any charges against him, the sources said.

In the past, Rostenkowski has forcefully advocated that congressmen should be paid more,

and his open enjoyment of the perks of his position have drawn him into controversy.

During a debate over whether to raise congressional salaries in 1989, for example, Rostenkowski suggested allowing members to set their own salaries within a range, and he added, "I would sign for the highest end of the scale."

He takes frequent trips to golf resorts with lobbyists and often charges expensive dinners with associates to his political funds. For years, he was one of the leaders in the House in accepting honorariums for speeches.

In an interview earlier this year, Rostenkowski scoffed at the idea that he would illegally pocket relatively small amounts of money. Noting that if he had retired last year, he could have kept more than \$1 million in campaign funds under a special House rule that now has expired, Rostenkowski added: "That's why this is so ridiculous. I am going to double in 10, 9, 8 thousand dollars when I could have taken a million?"

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(cont)

(Mount Clipping in Space Below)

U.S. probes Rostenkowski campaign fund use

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(Indicate page, name of newspaper, city and state.)

Sec. 1, Pg. 1
Chicago Tribune
Chicago, Illinois

Date: July 21, 1993
Edition: Sports Final

Title: U.S. PROBES ROSTENKOWSKI
CAMPAIGN FUND USE

Character:
or
Classification:
Submitting Office: Chicago

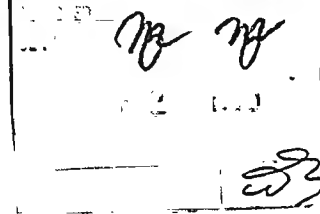
Indexing:

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On Tuesday, Rostenkowski declined to comment on the investigation. His spokesman specifically declined to comment on questions about his alleged misuse of the political funds and the total amount of money he received.

58C-WF-180673 Sub N-41



The campaign fund that contains more than \$1 million is called Rostenkowski for Congress. He also has a federal political action committee and a state political action committee, both of which carry the name American Leaders.

Federal investigators have subpoenaed expense records from all three funds, and the documents relating to Rota's guilty plea Monday maintained that Rota had given illegal cash payments to unnamed congressmen in exchange for checks drawn on political funds.

But the documents provided no details of such exchanges and did not specifically link Rostenkowski to them.

The sources said Rostenkowski also is under scrutiny for the way he handled lease payments for three vehicles and office space in his Near Northwest Side district.

Since 1987, government records show, Rostenkowski's office billed taxpayers more than \$68,000 to lease two vans and a station wagon as "mobile offices" in his district. He later purchased the vehicles for amounts that he said he does not recall.

Records also show that his office has paid \$73,000 in rent to his sisters for space in a building they owned in his district.

Disclosures in the Sun-Times initially prompted federal interest in the vehicle and office leases. Investigators in Chicago are working with prosecutors in Washington on this part of the inquiry.

More than a dozen of Rostenkowski's current and former aides have testified before a federal grand jury in Washington. A number of them have received immunity from prosecution in exchange for their testimony.



AP photo
Rep. Dan Rostenkowski listens to President Clinton address budget negotiators Tuesday. Clinton said he thought Rostenkowski's troubles would have no effect on fashioning a tax package.

Prosecutors Reported Seeking to Widen

Inquiry on Rostenkowski

By STEPHEN LABATON

Special to The New York Times

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Officials and defense lawyers involved in the long-running investigation of Mr. Rostenkowski said prosecutors had been gathering evidence against him about a series of transactions in Chicago in an effort to link separate accusations of wrongdoing into a single, more serious case.

In doing so, the prosecutors would be following a tactic recently employed against other, less influential members of Congress: bringing charges under the Racketeer Influenced and Corrupt Organizations Act. The law, which provides especially severe penalties and gives prosecutors more time to act, was intended to create a new weapon against organized crime. It has been applied in other areas as well, a practice that has drawn criticism from defense lawyers.

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great job with this budget so far and we've worked very closely together. And we're going to work today. I don't know anything about the rest of it. I just know that we're going to work."

Fellow lawmakers also said the latest disclosures would have little political impact. Representative Jack Brooks, the Texas Democrat who heads the Judiciary Committee, echoed the views expressed by other colleagues, telling a female reporter:

"It's just a cloud. It's not a rain cloud, honey. It's a light cloud."

Mr. Rostenkowski has firmly controlled the committee he leads, the Ways and Means Committee, which

writes tax legislation, and his support for the President's agenda on health care and welfare has been considered critical for passage. Under the House Democratic rules, he would have to step down as head of the committee if he was indicted.

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In recent weeks, the authorities have granted immunity to Virginia C. Fletcher, a trusted aide to Mr. Rostenkowski for more than 30 years and his closest personal assistant, in exchange for her cooperation in the investigation, lawyers involved in the case said.

The investigation in Chicago is seeking to determine whether Mr. Rostenkowski converted campaign and taxpayer money for his own use and whether the racketeering law, which offers enormous procedural advantages to the Government, could be applied, Federal officials and defense lawyers said. No indictment is expected for weeks, until the investigation is completed.

To file racketeering charges, prosecutors must have evidence of a pattern

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But Representative Newt Gingrich, the Republican whip from Georgia, used Mr. Rota's guilty plea to attack the Democrats.

"This is not a Congress scandal," Mr. Gingrich said. "Just as in Japan, this is about corrupt one-party rule for four decades. These are Democrats being named by a Democrat appointee under indictment."

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Mr. Clinton, too, seemed bent on making the best of the situation. He allowed himself to be photographed with Mr. Rostenkowski during the lunch and insisted in response to a question that the Congressman's legal problems would have no effect on the budget deliberations.

"We've got a lot of work to do," he said in the White House family dining room during the photo session with Mr. Moynihan and Mr. Rostenkowski. "Chairman Rostenkowski's done a

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House postal task force agrees to bare secrets

Democrats fear budget impact

By Paul M. Rodriguez
THE WASHINGTON TIMES

House Democrats, under pressure from Republicans and shocked by the revelations of former House Postmaster Robert V. Rota, have tentatively agreed to make public all documents and secret testimony from a congressional task force probe of the House Post Office.

To formalize the process, GOP leaders are prepared later today to introduce a resolution in the House they believe many Democrats, especially freshmen, will approve to make public the materials that so far have been seen only by the task force, the House ethics committee and the Justice Department.

"Yes, we expect to make public all of these documents," said Rep. Charlie Rose, North Carolina Democrat and chairman of the House Administration Committee.

Included are depositions taken under oath from Heather Foley, wife of House Speaker Thomas S. Foley, who reportedly attempted to deflect an investigation of the post office.

The action came as Democrats

met with President Clinton to rally behind his budget package.

The president and other Democratic leaders said publicly they were not concerned for now about any fallout from the widening post office probe and indications that Rep. Dan Rostenkowski, powerful chairman of the House Ways and

Means Committee and a key budget player, was involved in a postal embezzlement conspiracy.

"No," Mr. Clinton said. "We've got a lot of work to do. Chairman Rostenkowski's done a great job with this budget so far, and we've worked very

sensitive intelligence and law enforcement posts be exempted from the bill. But the chamber rejected an amendment that would have kept Internal Revenue Service agents and examiners out of politics.

Sen. John Glenn, Ohio Democrat, said the bill would allow the nation's 3 million civil servants to "reclaim their constitutional rights by participating in our national political process on their own times as private citizens."

The Hatch Act has spawned more than 1,500 rulings and interpretations that are "confusing, contradictory and nondefensible," Mr. Glenn said.

Senate Minority Leader Bob Dole of Kansas said that without such restrictions, federal workers would be pressured to make political donations to unions that overwhelmingly support Democrats.

"The Hatch Act gives protections we can kiss goodbye. . . . Politics will replace merit in the decisions affecting hiring and promotion," he said.

His reservations were echoed by local Republicans, who said that in an overwhelmingly Democratic city such as the District, the work force could be coerced to support and campaign for Democrats.

As an example of the potential for mischief, District GOP officials pointed to an investigation this year of top officials in the Kelly administration who allegedly coerced city contractors to make campaign donations.

"The local government is dominated by one political party. Doing away with the Hatch Act means that the bureaucracy, which is supposed to be independent, is just going to be another extension of the political party in power," said Harry Singleton, D.C. Republican national committeeman.

Advocates for local workers called such fears unfounded and said the Republican Party would reap union contributions if it supported their goals.

"The Hatch Act has shackled local workers and barred them from carrying out their First Amendment rights and expressing their views every other American has," said Joslyn Williams, president of the Metropolitan Washington chapter of the AFL-CIO.

The Hatch Act was passed in 1939, when federal jobs were granted on the basis of political patronage and campaign contributions. District employees are covered by the act in a holdover from when Congress ran the city and city workers were employees of the federal government.

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Prosecutors Reported Seeking to Widen Inquiry on Rostenkowski

By STEPHEN LABATON
Special to The New York Times

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GOP Pressing For Testimony In Postal Probe

House Democratic Leaders Fear More Lawmakers May Become Implicated

By DAVID ROGERS
And JOE DAVIDSON

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON — Republicans pressed for the release of still-secret testimony regarding House Post Office operations, as Democrats worried that the cash-for-stamps scandal could threaten lawmakers beyond their powerful tax chairman, Dan Rostenkowski.

A resolution ordering the release of transcripts compiled during a task force investigation last year may be offered as early as today on the House floor. Last summer, Democrats blocked release of the material by a narrow 207-200 vote. But

in the aftermath of Monday's guilty plea by former Postmaster Robert Rota, Republicans are increasingly confident they can reverse that decision.

Mr. Rota's plea and accompanying court documents directly bear on the government's investigation of Mr. Rostenkowski, chairman of the Ways and Means Committee. But in a summary of the case, prosecutors allege the former postmaster provided cash in exchange for vouchers and stamps for "several lawmakers" during the early and mid 1980s.

Speaker Thomas Foley described himself as "surprised" and "distressed" by the detailed allegations attributed to Mr. Rota. After broad administrative reforms were instituted in the last Congress, the legal proceedings now resurrect a painful history that the leadership would prefer to see long behind it.

Caught center stage is Mr. Rostenkowski, who refused comment even as he went through a day of meetings with President Clinton and House and Senate negotiators on the administration's pending deficit-reduction bill. Court papers filed in the Rota case point to the Chicago Democrat as one of the unidentified congressman alleged to have received cash from Mr. Rota. And a law enforcement official familiar with the court proceedings said that, based on the information pro-

vided by Mr. Rota, Mr. Rostenkowski could be charged with having made false statements on government vouchers.

The 58-year-old Mr. Rota, a career patronage employee with a penchant for Arabian horses, was a House character in himself. Government papers allege that he testified falsely before the same task force whose records Republicans now want released.

Friends of Mr. Rostenkowski say that he has privately insisted he never took money from the postmaster. And though the chairman has refused so far to testify on the matter, the contradictory accounts are a striking part of the case.

Beyond the Post Office, the wider government investigation of Mr. Rostenkowski has focused on whether he personally benefited from campaign and congressional office expenditures in Chicago. But none of the evidence reflected so far in court papers this week bears on whether the cash allegedly received from the stamp transactions was put to personal use by the chairman or any of the other lawmakers involved.

If the government decides to proceed on the lesser charge of making false statements on vouchers, it would seem small by comparison. But any indictment would be disastrous for the Chicago Democrat because it would force him to give up his powerful chairmanship.

Under House Democratic rules, Florida Rep. Sam Gibbons, as the ranking member of the panel, would become acting chairman. But the transition, however orderly, would expose a major vacuum in the panel's top leadership.

An affable 73-year-old veteran of the Normandy invasion, Mr. Gibbons is a strong advocate of free trade, but critics fault him for taking an often doctrinaire approach to issues and failing to build a strong expert staff around him. His opposition to tax reform in 1986 further strained his relationship with Mr. Rostenkowski, and despite his seniority, the chairman then kept Mr. Gibbons off the House-Senate conference on the landmark bill.

Given this history, Mr. Gibbons, as acting chairman, could be challenged if a more permanent chairman had to be chosen, which could occur if Mr. Rostenkowski left or if the situation extended into the next Congress. Though Rep. Charles Rangel (D., N.Y.) could yet prove a strong candidate, he too is seen as a less forceful leader than Mr. Rostenkowski.

This vacuum only adds to the sense of foreboding now in the party leadership. From the president's cabinet to Republicans themselves, official Washington has seemed almost to resist the detailed charges leveled in the Rota court documents. "I just can't believe it. It's not the

Danny I know," said Treasury Secretary Lloyd Bentsen at a breakfast with reporters. Rep. Bob Livingston, a Louisiana Republican, expressed the same sense of disbelief. "Nobody really believes it," said Mr. Livingston. "If it happened, it happened, but it's just one of those hard-to-believe things."

This disbelief is matched against an underlying anger among those who were most intimately involved in prior House investigations into the Post Office's operations. Chief among these is Rep. Pat Roberts, a Kansas Republican and senior member of the House Administration Committee, who sees the Rota plea as confirming all of the suspicions he felt a year ago in leading a task force on the Post Office scandal.

Mr. Roberts is pressing the House leadership to release the vouchers cited in the court papers so as to clearly identify those involved. And he wants the transcripts of past testimony released if only to display the allegedly false statements made by Post Office workers, like Mr. Rota, who have since entered guilty pleas in the government inquiry.

"We've got 110 new members, and given the pertinency of the issue, it's a whole new ball game," he said of the efforts to reverse last year's vote. "I always felt I was riding shotgun on a stagecoach going backwards. After two-and-a-half years, the Rota plea just proves the House can't investigate itself."

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Key budget legislator under cloud

Embezzlement rumors have not cramped this powerful chairman's style 'at all'

By Richard Wolf
USA TODAY

His legal woes mounting and his career possibly in jeopardy, the man who for 12 years has exerted more influence over the public's personal finances than anyone in Congress calmly lunched with the president Tuesday.

That's the way it has always been for Rep. Dan Rostenkowski, the career politician from Chicago.

Viewed by many as arrogant, gruff, tyrannical — but not one who'd be caught with a hand in the cookie jar — Rostenkowski usually walks on water in Washington.

But in the wake of Justice Department suggestions that his reach into taxpayers' pockets may have gone beyond the law, the 65-year-old chairman of the House Ways and Means Committee could be skating on thin ice.

If he falls through — an indictment might come within weeks — President Clinton would be without one of his staunchest and most strategically placed allies on Capitol Hill on the budget, health care, trade and welfare reform.

"It would appear to be one hell of a loss for the president if Rosty were taken out of the equation at this juncture,"

says House Minority Leader Bob Michel, R-Ill., a colleague for many years.

After a career that has spanned parts of five decades, Rostenkowski was reduced in legal papers Monday to "Congressman A" — the unnamed lawmaker who former House Postmaster Robert Rota says received \$21,300 in embezzled funds from the post office.

Court documents released by the U.S. Attorney's office didn't name Rostenkowski, but the financial transactions described match those listed by his office in public records.

Rostenkowski offered no comment Tuesday, brushing aside reporters' questions as he shuttled between the power corridors of the White House and Capitol Hill.

The link leaves Rostenkowski — a leader in the battle to

enact a five-year, \$500 billion deficit reduction package — dangling somewhere between the legal and legislative worlds.

It also angers his friends.

"These types of leaks can be so devastating," says Rep. Charles Rangel, D-N.Y., a potential future chairman of the committee. "There is not one accusation from the United States government, and yet the man is being treated like a common criminal."

But Attorney General Janet Reno, who fired the Republican prosecutor in charge of the post office investigation in March, stands by the probe.

"Every investigation that I have anything to do with is going to be handled based on the evidence and the law, and not political pressure. As I don't do anything based on political considerations, I can't talk to you about the politics."

Officials speculate that any indictment, if there is one, is several weeks away. That should give Rostenkowski time to help muscle Clinton's deficit-cutting plan through Congress.

If indicted, Rostenkowski would have to relinquish his chairmanship temporarily. Under House rules, the ranking Democrat — Rep. Sam Gibbons of Florida, 73, a mild-mannered trade specialist — would take over.

Carrying the scenario one step further offers more interesting possibilities: If Rostenkowski left Congress, Gibbons could face a challenge from another Democrat, Rangel, a 63-year-old ex-prosecutor from Harlem, might fit the bill.

In either case, Democrats fear, the shoes might be too big to fill. Rostenkowski is a master of the committee process.

Like Donald Trump, he loves the art of the deal.

At Tuesday's House-Senate conference on the tax portions of the deficit-reduction bill, Rostenkowski refused to give up on a House-passed tax on all forms of energy since abandoned by the White House. His gambit: to extract concessions from the Senate first.

"As long as he's the chairman," says Rep. John Murtha, D-Pa., Clinton and other budget

negotiators "have got to deal with him."

From the power centers of Washington to the Polish neighborhoods of Chicago, allies of the former ward boss are lining up to defend him:

► Treasury Secretary Lloyd Bentsen, the former Senate Finance Committee chairman who negotiated many a tax bill with Rostenkowski, says his alleged participation in a cash-for-stamps scheme "doesn't make any sense."

"Here's a guy who could have taken a million dollars," Bentsen says, referring to more than \$1 million left in Rostenkowski's campaign coffers after the 1990 election — money he could have pocketed legally for the last time in 1992.

"I just don't believe it. It's not the Danny I know."

► Senate Finance Committee chairman Daniel Patrick Moynihan, D-N.Y., Rostenkowski's counterpart in the talks, says the new link publicized by investigators will not impede progress. "His status hasn't changed," Moynihan says.

► "Chairman, Rostenkowski has done a great job on the budget so far. We've worked very closely together," Clinton says. "I don't know anything about the rest of it."

Clinton's top priority, he says, remains enacting a deficit-reduction bill before Congress' August recess.

And Rostenkowski's backbone, Clinton told *Larry King Live*, "has been a mile-wide and awful stiff" during the budget negotiations.

► In Chicago, the reaction to Rosty's plight is mixed. Mayor Richard Daley, son of Rostenkowski's mentor, expresses support, while former Alderman Dick Simpson, his Democratic primary opponent last year, calls on him to resign.

And constituents accustomed to political corruption just shrug their shoulders.

"It doesn't shock us," says Martin Malmin, 20. "It's just how the government works. Everyone probably does it."

"He's just one who maybe got caught," says Al Smith, 57, a laundry machinery salesman whose fees Rostenkowski still

Jim Jones

Constance

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By Richard Wolf
USA TODAY

His legal woes mounting and his career possibly in jeopardy, the man who for 12 years has exerted more influence over the public's personal finances than anyone in Congress calmly lunched with the president Tuesday.

That's the way it has always been for Rep. Dan Rostenkowski, the career politician from Chicago.

Viewed by many as arrogant, gruff, tyrannical — but not one who'd be caught with a hand in the cookie jar — Rostenkowski usually walks on water in Washington.

But in the wake of Justice Department suggestions that his reach into taxpayers' pockets may have gone beyond the law, the 65-year-old chairman of the House Ways and Means Committee could be skating on thin ice.

If he falls through — an indictment might come within weeks — President Clinton would be without one of his staunchest and most strategically placed allies on Capitol Hill on the budget, health care, trade and welfare reform.

"It would appear to be one hell of a loss for the president if Rosty were taken out of the equation at this juncture,"

says House Minority Leader Bob Michel, R-Ill., a colleague for many years.

After a career that has spanned parts of five decades, Rostenkowski was reduced in legal papers Monday to "Congressman A" — the unnamed lawmaker who former House Postmaster Robert Rota says received \$21,300 in embezzled funds from the post office.

Court documents released by the U.S. Attorney's office didn't name Rostenkowski, but the financial transactions described match those listed by his office in public records.

Rostenkowski offered no comment Tuesday, brushing aside reporters' questions as he shuttled between the power corridors of the White House and Capitol Hill.

The link leaves Rostenkowski — a leader in the battle to

enact a five-year, \$500 billion deficit reduction package — dangling somewhere between the legal and legislative worlds.

It also angers his friends.

"These types of leaks can be so devastating," says Rep. Charles Rangel, D-N.Y., a potential future chairman of the committee. "There is not one accusation from the United States government, and yet the man is being treated like a common criminal."

But Attorney General Janet Reno, who fired the Republican prosecutor in charge of the post office investigation in March, stands by the probe.

"Every investigation that I have anything to do with is going to be handled based on the evidence and the law, and not political pressure. As I don't do anything based on political considerations, I can't talk to you about the politics."

Officials speculate that any indictment, if there is one, is several weeks away. That should give Rostenkowski time to help muscle Clinton's deficit-cutting plan through Congress.

If indicted, Rostenkowski would have to relinquish his chairmanship temporarily. Under House rules, the ranking Democrat — Rep. Sam Gibbons of Florida, 73, a mild-mannered trade specialist — would take over.

Carrying the scenario one step further offers more interesting possibilities: If Rostenkowski left Congress, Gibbons could face a challenge from another Democrat, Rangel, a 63-year-old ex-prosecutor from Harlem, might fit the bill.

In either case, Democrats fear, the shoes might be too big to fill. Rostenkowski is a master of the committee process.

Like Donald Trump, he loves the art of the deal.

At Tuesday's House-Senate conference on the tax portions of the deficit-reduction bill, Rostenkowski refused to give up on a House-passed tax on all forms of energy since abandoned by the White House. His gambit: to extract concessions from the Senate first.

"As long as he's the chairman," says Rep. John Murtha, D-Pa., Clinton's other budget

negotiators "have got to deal with him."

From the power centers of Washington to the Polish neighborhoods of Chicago, allies of the former ward boss are lining up to defend him:

► Treasury Secretary Lloyd Bentsen, the former Senate Finance Committee chairman who negotiated many a tax bill with Rostenkowski, says his alleged participation in a cash-for-stamps scheme "doesn't make any sense."

"Here's a guy who could have taken a million dollars," Bentsen says, referring to more than \$1 million left in Rostenkowski's campaign coffers after the 1990 election — money he could have pocketed legally for the last time in 1992.

"I just don't believe it. It's not the Danny I know."

► Senate Finance Committee chairman Daniel Patrick Moynihan, D-N.Y., Rostenkowski's counterpart in the talks, says the new link publicized by investigators will not impede progress. "His status hasn't changed," Moynihan says.

► "Chairman Rostenkowski has done a great job on the budget so far. We've worked very closely together," Clinton says. "I don't know anything about the rest of it."

Clinton's top priority, he says, remains enacting a deficit-reduction bill before Congress' August recess.

And Rostenkowski's backbone, Clinton told Larry King Live, "has been a mile wide and awful stiff" during the budget negotiations.

► In Chicago, the reaction to Rosty's plight is mixed. Mayor Richard Daley, son of Rostenkowski's mentor, expresses support, while former Alderman Dick Simpson, his Democratic primary opponent last year, calls on him to resign.

And constituents accustomed to political corruption just shrug their shoulders.

"It doesn't shock us," says Martin Maimlin, 20. "It's just how the government works. Everyone probably does it."

"He's just one who maybe got caught," says Al Smith, 57, a laundry, machinery, salesman, whose fees Rostenkowski still

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(Indicate page, name of Page 8
newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

(Mount Clipping in Space Below)

Date: July 21, 1993
Edition: Late Sports Final

Probers Look for a Pattern

Campaign Funds, Payrollers Examined

Title: PROBERS LOOK FOR
A PATTERN

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

The federal investigation that has implicated Rep. Dan Rostenkowski (D-Ill.) in a scheme to embezzle cash from the House post office continues to examine other financial affairs of the Chicago congressman as well.

Agents of the FBI, the Internal Revenue Service and other investigators have tried to determine if there is a pattern of Rostenkowski using his congressional or campaign expense funds to enrich himself and his relatives.

Federal investigators also have examined whether Rostenkowski carried "ghost payrollers" on his congressional staff who really worked for his 32nd Ward organization in Chicago.

Former House Postmaster Robert V. Rota on Monday pleaded guilty to embezzlement and conspiracy and, without naming Rostenkowski, admitted that he provided tens of thousands of dollars in embezzled funds to several congressmen. Rostenkowski, sources and records indicated, was one of the House members Rota fingered.

A decision on whether to seek an indictment of Rostenkowski apparently is not imminent as investigators continue to piece together evidence in Illinois and in Washington. One source said "a more attractive case" could be made if it could be showed that embezzlement from the post office fit a pattern.

Jay B. Stephens, the former U.S. attorney who ran the investigation until he was forced out with the change of administrations, said in a television interview Tuesday that an indictment of Rostenkowski is "simply a matter of time."

The grand jury that turned its sights on Rostenkowski more than a year ago has heard this summer from witnesses who worked on the federal payroll at a Chicago office shared by Rostenkowski's congressional and political operations and by Ald. Terry Gabinski (32nd).

Gabinski, Rostenkowski's protege, was subpoenaed and, like many other Rostenkowski associates, was granted immunity from prosecution as part of the government's effort to pry information from reluctant loyalists to the 65-year-old legislator.

The grand jury was attempting to determine if workers on the government payroll in the offices at 2148-2150 N. Damen did any work for the federal government. In interviews with the Sun-Times, some of those witnesses said they were even asked to draw charts of the office seating arrangements in order to help grand jurors understand which employees performed what functions.

The Damen buildings have been owned by Rostenkowski's sisters and daughters, who were paid hundreds of thousands of dollars in rent over the years from the federal government and city of Chicago.

The grand jury also has subpoenaed present and former workers at a Wilmette car dealership that provided cars for Rostenkowski. Prosecutors were following up on reports in the Sun-Times Jan. 24 that Rostenkowski took ownership of three vehicles for which he had charged the government at least \$68,250. One former employee of the dealership said he was asked at a grand jury session this summer to go through a large stack of records to help sort out the Rostenkowski transactions.

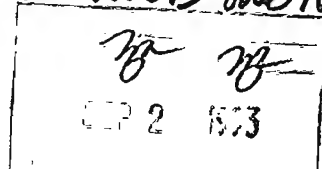
There also were subpoenas issued following a Sun-Times report last Dec. 13 that Rostenkowski paid more than \$73,000 in campaign funds to himself and his sisters for a little-used office in a family-owned building adjacent to his home.

Rostenkowski's name first surfaced more than a year ago as a player in what had been a scarcely noticed investigation of theft and drug dealing by low-level workers at the House post office.

The dimensions of the probe expanded when Rostenkowski disclosed, as he was required to do under House rules, that on May 6, 1992, a grand jury subpoenaed records of his congressional office expenses. Records of two Democratic colleagues from Pennsylvania also were subpoenaed.

Rostenkowski at first cooperated with the demand for what were mostly public records, but he spurned a follow-up subpoena for him to appear before the grand jury. He claimed that he was a victim of a political witch hunt and invoked his Fifth Amendment right not to provide testimony that prosecutors might use against him.

58C-WF-180673 Sub N-46



Stephens, the former U.S. attorney, said Tuesday that the conviction of the postmaster should "effectively bring to a near conclusion the investigative activity related to the post office activity, and as a result, prosecutors should be able to reach a decision on whether or not any members of Congress would be indicted in the relatively near future unless there is some effort to derail or delay the investigation further for political reasons."

His prediction of Rostenkowski's indictment was made during an appearance on the ABC television show "Nightline."

Nothing to Say On Stamp Scandal

Sun-Times Washington Bureau

WASHINGTON—Rep. Dan Rostenkowski (D-Ill.) declined Tuesday to comment on new developments in the House post office scandal.

"I have no comment," he said. Asked if that was on advice of his lawyer, he said, "Yup. That's right."

Rostenkowski had lunch with President Clinton, who said he did not believe Rostenkowski's legal problems would diminish his effectiveness in negotiating a deficit agreement.



Associated Press

Rep. Dan Rostenkowski (D-Ill.) listens Tuesday as President Clinton addresses House-Senate budget negotiators in Washington. Rostenkowski declined to answer questions about the House post office scandal.

(Mount Clipping in Space Below)

Constituents Offer Little Sympathy

Dan Rostenkowski's status as one of the most powerful Democrats in Washington might be threatened, but the folks he represents aren't losing any sleep over his troubles.

"We've got our own problems," said Richard Maldonado, 29. "If he dug his grave, then that's his problem. Basically, everybody's got to pay the piper."

Many echoed that sentiment in Rostenkowski's congressional district, which stretches roughly from Lincoln Park to the near western suburbs. Some took the typical Chicago philosophical approach.

"They're all crooked, but some of them are good crooks who get something done," said George Hackbarth, 74, a retiree who said he has voted for Rostenkowski for years.

Ray Meinsen, who lives outside the district but helps run a manufacturing business in Rostenkowski's 32nd Ward, was less sympathetic.

"Put him in jail," he said. "If they caught him doing that, he's probably done a lot of other things."

Scott Fornek



Richard
Maldonado



George
Hackbarth

(Indicate page, name of newspaper, city and state.)
Page 8
Chicago Sun-times
Chicago, Illinois

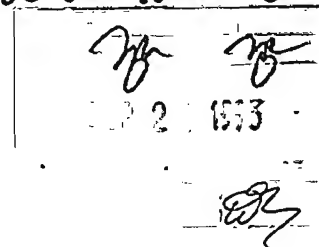
Date: July 21, 1993
Edition: Late Sports Final

Title: CONSTITUENTS OFFER
LITTLE SYMPATHY

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

58C-WF-180673 Sub N-47



(Mount Clipping in Space Below)

**Mike Royko**

Rostenkowski's foe stamps out fairness

As a liberal reformer, Dick Simpson could be expected to oppose the practice of lynching. And as a University of Illinois at Chicago professor, he surely knows that our legal system holds that a person is presumed innocent until proven guilty.

When he was an anti-Machine alderman from the North Side, Simpson believed in these things. He liked to make speeches praising goodness, fairness and honesty and condemning political opportunists, bullies and treachery. However, few people heard Simpson's speeches since most dozed off after two minutes of his pious preaching.

But now I'm not sure about Simpson's liberal views. Not after the political blood lust and hang-'em-high mentality he displayed Tuesday.

Almost within minutes of the latest allegations about Rep. Dan Rostenkowski's financial mischief, Simpson was publicly yelping that Rostenkowski should immediately resign.

My, how right-wingish of the liberal Simpson. What must his friends at the American Civil Liberties Union be thinking?

It's true that Rostenkowski has been splattered with considerable mud in the media. And maybe it's the beginning of the end of his political career.

But as of now, this is how things stand.

A congressional flunky who ran the House post office has pleaded guilty to three charges of being a petty crook.

The flunky says he allowed a couple of congressmen to swap stamps for cash. That's illegal because the stamps are given to congressman for official purposes.

One of the congressmen is Rostenkowski, according to Justice Department sources.

If these allegations turn out to be true, Rostenkowski's days as a Washington powerhouse and globe-trotting golf guest could be over.

But as of now, he is presumed innocent. Maybe not in the eyes of the media or in your eyes or mine. But in the eyes of the law, he is as pure as a gurgling child. He has been formally accused of nothing. Not yet.

So until he's indicted, he will go on being President Clinton's chief congressional muscleman, twisting arms, whispering promises, kicking butt and doing whatever he must to push Clinton's tax program through Congress.

(Indicate page, name of Sec. 1; Pg. 3 newspaper, city and state.)

Chicago Tribune
Chicago, Illinois

Date: July 21, 1993
Edition: Sports Final

Title: ROSTENKOWSKI'S FOE
STAMPS OUT FAIRNESS

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

The stamps scandal can't help these efforts. A lot of skeptical taxpayers might be saying: "Wait a minute. This guy Rostenkowski is suspected of cadging pocket money by swapping stamps for cash. And he's the same guy who decides how much I should pay in taxes?"

But then, Rostenkowski has never worried about what the voters outside of his Chicago district think. If he depended on their good will, he couldn't be elected to sweep streets.

Of course, if indicted, he'll have to quit as chairman of the House Ways and Means Committee, the tax-juggling job that has made him one of the most powerful guys in Washington.

This is the job that causes lobbyists to slobber on his shoes and big corporations to hurl large speaker fees at him for mumbling a few cliches at private luncheons. It's why his blacksmith-like golf swing is in such demand at the most exclusive clubs and the biggest celebrity outings. It's why Clinton lovingly acts like he and Rostenkowski used to hang out together at Stash and Stella's Bar on Milwaukee Avenue.

And if he is put on trial and convicted, that will be the end of his career in politics, which began when he was about 2 minutes old. (His father was an old-time Chicago alderman and ward boss who plunked his precocious lad into the legislature when he was only 24.)

58C-WF-180673 Sub N-48

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But none of this has happened yet. So it's unseemly of Simpson to prematurely howl for Rostenkowski's scalp. My, what must his friends at the ACLU think of such behavior.

Of course, even do-gooder liberals like Simpson can be gripped by crude political lust. And this vice seems to have seized him.

In the last election, Simpson ran against Rostenkowski, spent a lot of money, portrayed Rostenkowski as a scheming lug, but still lost big. Maybe Chicagoans prefer a scheming lug to a professor who once described himself as an "intellectual humanist." Intellectual humanists have never gone over big on Pulaski Road.

Now, he is panting to run again. And he obviously figures his chances would be enhanced if Rostenkowski groveled, crawled, confessed his sins and flung himself off the Capitol dome.

(Some might say that this attitude confirms Simpson's liberal credentials since he appears to be looking for a free ride.)

Or maybe Simpson is merely creating an issue that he can use as a teaching tool in one of his political science classes. The class could have discussions and do papers on the question: "Under our legal system, should a scheming lug be denied the presumption of innocence and due process of law—especially if he is running against the professor who gives out the grades in this class?"

If Simpson hasn't thought about this, he should. And it is his chance to have an attentive audience. The students have to stay awake and pay attention when he talks.

But I don't. Yawn.

58C-WF-180623 sub N-49

ST	78	78
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(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Date: 7/21/93
 Edition: WASHINGTON POST
 PAGE: B6
 Title: SSC-WF-180073

The Rostenkowski Story

WHEN FORMER U.S. attorney Jay Stephens was asked as a Republican to submit his resignation to the new Democratic administration earlier this year, he suggested that the request might be part of a Democratic effort to derail an investigation of House Ways and Means Committee Chairman Dan Rostenkowski. Mr. Rostenkowski was regarded as crucial to the enactment of President Clinton's legislative agenda; Mr. Stephens's office was investigating whether Mr. Rostenkowski had broken the law in certain financial transactions involving, among other things, the House Post Office. The prosecutor implied on his way out that perhaps the Democrats were plotting to call the prosecution off.

Some plot. Under Democratic auspices, Mr. Stephens's former subordinates and acting successors have done just fine. They have wrung a guilty plea from former House postmaster Robert Rota that he helped several members of Congress embezzle funds from the post office. Court papers filed in connection with the plea suggest without naming him that Mr. Rostenkowski is one of the members Mr. Rota is accusing. We'll see what happens, of course. Mr. Rostenkowski has not been charged, and throughout the long investigation he has denied that he did anything wrong. But on the record so far, the Democratic Justice Department seems to be proceeding about as it ought to proceed with regard to this senior Democrat. Regular order, no pulling of punches.

There's a lesson in that, perhaps for both parties. Congress is even now moving to extend the lapsed independent counsel statute, providing for independent investigation and prosecution of senior executive branch officials credibly accused

of crimes. The theory is that no administration can be expected to prosecute itself impartially at the highest levels; it would have a conflict of interest. Past administrations have nonetheless protested that the law encroaches on executive prerogative. To its credit, the Clinton administration has taken the opposite view.

But the question then is whether the law should also be broadened to apply to Congress. Can a party in power be trusted to prosecute its senior members in the legislative branch any more than the executive? The current case is a kind of test; so far it confirms us in our view that the answer is yes, that the regular prosecutorial system can be trusted and that the act should be limited to the executive branch.

As to Mr. Rostenkowski, he continues as Ways and Means chairman to serve as the principal House conferee on the huge bill to reduce the deficit; he met with the president on the measure yesterday. It's awkward, but we see no cure. If indicted, he will have to step aside. But surely a member maintaining his innocence cannot be compelled to step aside before, on the strength of no more than even a flourishing investigation. Our own sense is that, in purely legislative terms, less is at stake in this case than lore would have it. We recall that there was much rending of garments when former senator Lloyd Bentsen gave way to Daniel Patrick Moynihan as chairman of the Senate Finance Committee, which has the same jurisdiction as Ways and Means, and lo and behold, Mr. Moynihan did just fine. So, if the need arises, will any successor to Mr. Rostenkowski, important as he has been to the president in the budget process. Justice may be at issue here; the president's legislative agenda is not.

58C-WF-180673 Sub N-50

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SEP 2 1993	
23	

Chicago Tribune

Page, name of
paper, city and state.)

7/21/93
CHICAGO TRIBUNE
PLATE BLOCK
58L-CW-180673

Line forming to succeed Rostenkowski

By Robert Davis
and Thomas Hardy
TRIBUNE STAFF REPORTERS

The greatest measure of success in politics is the ability to look beyond the present, to play chess instead of checkers, to assess immediately a development and mentally play it out to the end, all the time asking the age-old question: "What's in it for me?"

In City Hall—where political plots unfold constantly and careers are often made or broken on all levels—and in ward offices from the lakefront to the Far Northwest Side, the talk Tuesday was of U.S. Rep. Dan Rostenkowski's troubles and the future of his congressional seat.

The House Ways and Means Committee chairman reputedly is the "Congressman A" incriminated Monday by a former House postmaster's guilty plea to three federal misdemeanor charges in an embezzling scheme.

Rostenkowski, 65, brushed past reporters outside his committee office with a terse "no comment" Tuesday morning.

Although there have been no formal charges filed against him, there was heavy betting on Capitol Hill and in Chicago that the 34-year member of Congress will have his term cut short by a federal grand jury or that he will not stand for re-election next year.

Under House rules, committee chairmen must resign their posts if they are indicted, although they can remain in Congress until their case is adjudicated.

But Rostenkowski "won't sit and be jerked around by this process, and he won't stay in Congress without his chairmanship," predicted one Chicago Democrat who is close to him.

The result was unbridled speculation about who might have the upper hand to replace Rostenkowski in the new 5th Congressional District, which sprawls from the 43rd Ward and the lakefront to the Northwest Side and suburban Schiller Park.

"Obviously there's going to be a lot of people looking at this situation, a lot of ambitions in play," said media consultant David Axelrod, who worked on the Democrat's campaign last year.

In deference to Rostenkowski and the uncertainty of his situation,

most Democrats tried to be discreet in discussing their interest in the congressional seat.

The exception was former Ald. Dick Simpson, who lost his primary challenge to Rostenkowski last year and has publicly conducted a death watch of the laborious grand jury probe. Simpson renewed his demand for Rostenkowski to resign immediately.

The typical reaction, however, was along the lines of remarks by Ald. Eugene Schuler (47th), who formed a congressional campaign exploratory committee four months ago.

"I want to make it clear that at this stage of the game, I have no intentions to run against [Rostenkowski] if he decides to seek re-election," Schuler said. "But if it's a level playing field and he's not going to be there, I certainly want to be able to present my credentials to the district folks."

Counting herself among them, Marge Laurino said: "I suspect the congressional-wanna-bes certainly aren't going to make any moves on this until Rostenkowski decides what he's going to do."

Laurino, a Democratic state central committeewoman and daughter of Ald. Anthony Laurino (39th), said Rostenkowski's reputation among local voters was hurt more by a highly publicized 1989 confrontation with senior citizens over health-care benefits than by the post office scandal.

In addition to Laurino and Schuler, Democrats mentioned as possible candidates to replace Rostenkowski, who is in his 16th term, include: state Sen. John Cullerton; first-term state Reps. Nancy Kaszak, Joseph Kotlarz and Rod Blagojevich; Cook County Commissioner Ted Lechowicz; and Ald. Michael Wojcik (35th).

The list is expected to grow, as is the level of confusion.

In the event that Rostenkowski were to resign more than 180 days before the November 1994 election, Gov. Jim Edgar would have to declare the seat vacant and a special election would then be held within 120 days.

Special and regular election campaigns for the seat could be under way almost simultaneously.

Apart from Simpson, the most active player Tuesday was Ald. Richard Mell (33rd), a well-known political weather vane who in recent

times has been hawking the talents of Blagojevich, his son-in-law.

Mell himself toyed with the idea of running for Congress just last year in the new heavily Hispanic 4th District eventually taken over by former Ald. Luis Gutierrez (26th).

Mell again was floating the idea of sending his son-in-law to Congress, and he was even proudly showing reporters examples of the campaign handwork he used to send Blagojevich to Springfield. One, featuring pictures of the Statue of Liberty and the candidate, the son of Serbian immigrants, "still brings tears to my eyes," Mell said.

Mayor Richard Daley, meantime, was cautious Tuesday when asked what he thought the future holds for Rostenkowski, his friend and ally. Again, confusion and uncertainty about the Rostenkowski case pervaded a City Hall news conference.

"No one knows. I don't know. You just don't know," said Daley, a former county prosecutor, who nonetheless expressed bewilderment about what the legal developments meant to Rostenkowski.

Asked to explain what Rostenkowski has done for Chicago, Daley quickly ticked off a list of

accomplishments that indicated that he has been thinking about what life without "Rosty" would be like for the city: the passenger fee for airports; Kennedy Expressway reconstruction funding; the downtown circulator project; low-income housing tax credits; federal flood assistance for Chicago's South Side; and the expensive Deep Tunnel storm sewer project.

While he hastened to tell reporters that he wasn't calling the Rostenkowski probe a political witch hunt, Daley did say that he was "shocked" that the former U.S. attorney who initiated the grand jury investigation, Jay Stephens, has announced his candidacy for U.S. senator in Virginia.

Daley said such a blatant political move can raise some doubts about whether the investigation might have political motivations.

Axelrod recommended that anyone eager to replace Rostenkowski ought to "hold their fire."

He said: "This guy has been tried and convicted in the newspapers, but no action has been taken against him in the courts. We don't know if such action will be taken, and even if it is, we don't know that it will result in a conviction."

(Mount Clipping in Space Below)

Rosty Lawyer Tried To Delay Plea Deal

WASHINGTON—An attorney for Rep. Dan Rostenkowski (D-Ill.) tried to head off the court hearing this week at which a former House postmaster pleaded guilty to charges that linked the congressman to embezzlement, Justice Department sources told the Chicago Sun-Times.

In asking for a delay, the lawyer cited Rostenkowski's key role in negotiations on President Clinton's economic program.

The former postmaster, Robert V. Rota, appeared in court as scheduled on Monday, when he pleaded guilty to embezzlement and conspiracy charges and prosecutors released documents indicating that Rota had admitted helping Rostenkowski embezzle at least \$21,000.

Rota agreed to cooperate with prosecutors in the plea bargain.

Sources said Rostenkowski's attorney had argued that disclosing the government's case against Rota at this time—and its implications for Rostenkowski—would have repercussions for Rostenkowski and his influence on the congressional conference committee now working on Clinton's deficit reduction program.

As chairman of the House Ways and Means Committee, Rostenkowski is a central figure in the negotiations.

The request for a delay was made to what one source described as a "lower-level" official in the Justice Department and was not believed to have been presented to Attorney General Janet Reno.

A spokesman at the White House, where Rostenkowski had lunch with Clinton on Tuesday to discuss the participation in the conference committee meetings Monday and Tuesday. For more than an hour Tuesday, he managed a routine bill regarding most-favored-nation trade status for China on the House floor.

However, behind Rostenkowski's calm exterior is a worried man, associates said.

"This is tearing him up inside," said Rep. Richard Durbin (D-Ill.), a friend who talked to Rostenkowski after the stories broke Monday. "This whole ordeal has been difficult for him and his family. He feels he has done nothing wrong."

deficit reduction bill, said he knew of no request to anyone in the White House by anyone on Rostenkowski's behalf regarding the timing of the guilty plea by Rota.

A spokesman for Rostenkowski at his office on Capitol Hill, referred questions about the case to Stanley M. Brand, one of the congressman's attorneys.

Neither Brand nor Judah Best, another lawyer for Rostenkowski, returned phone calls on Wednesday.

Former U.S. Attorney Jay B. Stephens, a Republican appointee who oversaw the House post office case until he was ousted by Reno last spring, has said his dismissal prolonged an investigation that he was about to wrap up.

Stephens has suggested that a factor in his dismissal was the Clinton administration's interest in protecting Rostenkowski's position as a powerful ally on Capitol Hill.

(Indicate page, name of Page 1 newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

Date: July 22, 1993
Edition: Late Sports Final

Title: ROSTY LAWYER TRIED TO
DENY PLEA DEAL

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

58C-WF-180673 N-51

SEP 21 1993

"The Clinton administration action in April, either by design or otherwise, had the effect of delaying the investigation by 90 to 120 days," Stephens said in an interview after Rota pleaded guilty.

It is not unusual for defense attorneys to ask prosecutors to delay court hearings, and sometimes for prosecutors to go along, but usually it is for more personal reasons.

"I don't think there's anything wrong, under normal circumstances, with a defense lawyer speaking with a prosecutor," said Lawrence C. Marshall, a Northwestern University Law School professor.

He said it would be perfectly appropriate, for example, for a defense lawyer to ask a prosecutor to delay an indictment so a client could attend a child's wedding without being under a legal cloud.

"The question here becomes whether this was basically an effort to cash in a political chit," Marshall said.

Rostenkowski, who was first elected to Congress in 1958 and is among its most powerful members, remains the subject of a federal investigation that is focusing on several areas of his finances in addition to the post office dealings.

Federal investigators are trying to determine whether there is a pattern to Rostenkowski using congressional or campaign expense funds to enrich himself and members of his family, sources have said.

As disclosed earlier by the Sun-Times, investigators have examined whether Rostenkowski carried "ghost payrollers" on his congressional staff, his practice of paying rent from the federal government for office space in buildings owned by family members, and his ownership of autos for which he initially charged the government.

Rostenkowski has denied any wrongdoing but has refused further comment on the case, which he branded last year as a political "witch-hunt."

He has refused to testify before the federal grand jury investigating these matters.



Associated Press

Dan Rostenkowski confers with Sen. Daniel Patrick Moynihan (D-N.Y.) on Tuesday.

Los Angeles Times

DATE: 7/22/78

PAGE: A4

New Charges Put House Democrats on the Defensive

By KAREN TUMULTY
TIMES STAFF WRITER

WASHINGTON—Fresh allegations that House Ways and Means Chairman Dan Rostenkowski (D-Ill.) was involved in a House Post Office embezzlement scheme has House members uneasy about the institution's reputation, still bruised from last year's scandals. They fear it could be in for another pounding.

Given Rostenkowski's enormous power, fellow Democrats were leery Wednesday of speaking about their fears publicly. Privately, however, many confided that they are deeply troubled by the position in which they find themselves.

"We should be calling for complete disclosure. Instead, we are on the defensive," said one exasperated freshman, who is part of a huge crop of new lawmakers elected in the wake of last year's scandals involving the House Post Office and its now-defunct bank.

Republicans, however, were quick to fan the accusations in a series of news conferences and speeches on the House floor. "The stink of corruption in the House post office threatens the most powerful of House Democratic leaders," said California Rep. Dana Rohrabacher (R-Huntington Beach).

The controversy erupted into a partisan tug-of-war over a question about releasing secret files and transcripts of testimony taken by a House task force that looked into the scandal after it surfaced last year.

Republicans called for immediate release of the task force's documents. But House Speaker Thomas S. Foley (D-Wash.) said that such disclosure could compromise a Justice Department investigation that is under way.

Late Wednesday afternoon, U.S. Atty. J. Ramsey Johnson sent a letter to Foley and Republican Leader Robert H. Michel (R-Ill.) asking them not to release the task force materials.

"The investigation is continuing, and inevitably involves many of the same witnesses and transactions that the task force inquiry included," he wrote. "For these reasons, I strongly request that the House refrain from releasing additional materials generated by the task force inquiry."

Many Democrats were stunned Monday when former House Postmaster Robert V. Rota admitted that he had conspired with lawmakers to provide thousands of dollars in exchange for stamps that the House members purchased with taxpayer money.

Although the plea agreement did not identify those members allegedly involved, other documents and sources close to the investigation revealed that the individual referred to as "Congressman A" was in fact Rostenkowski. Congressman A received \$21,300 in cash, according to the documents.

If Rostenkowski is indicted, as many in the House now expect, he will be forced to step down from his committee chairmanship, effectively giving up his role as chief House steward of President Clinton's economic program.

Foley insisted that he has seen no signs the ethical cloud surrounding the chairman has hurt his effectiveness in negotiations with the Senate to write a final version of the economic plan.

"No one has expressed to me the view that the conference committee is or should be impeded by anything else that is happening outside the conference and the Congress," the Speaker said.

"They're doing well. They're proceeding. We want them to continue to do that."

One House negotiator, Rep. Charles B. Rangel (D-N.Y.), brushed aside questions about whether Rostenkowski might be replaced. "That would be deciding where you want to bury a guy when you visit him in the hospital," he said.

Times staff writer William J. Eaton contributed to this report.

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THE WALL STREET JOURNAL.

DATE: 7/22/93
PAGE: A7

Prosecutors Ask Data Stay Secret In House Probe

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Federal prosecutors investigating Ways and Means Committee Chairman Dan Rostenkowski asked the House leadership not to release still-secret testimony from last year's task force inquiry of the House Post Office.

The letter from J. Ramsey Johnson, U.S. attorney for the District of Columbia, provoked angry protests from the Republican leadership. But the prosecutor said he had "serious concern" that releasing the

transcripts might hurt his inquiry into allegations of embezzlement involving lawmakers and cash-for-stamps transactions.

"The release of such materials could have a significant adverse effect on the ongoing criminal investigation being conducted by this office into matters associated with the House Post Office," said Mr. Johnson. "Accordingly, I ask you not to authorize the release of such materials."

Former Postmaster Robert Rota pleaded guilty this week to charges growing out of the investigation, and accompanying court papers implicated Mr. Rostenkowski, a Chicago Democrat, as one of two unidentified congressmen alleged to have received thousands of dollars in cash from Mr. Rota.

Republicans seized on the revelations to demand a fuller accounting of the scandal, and despite Mr. Johnson's request, the

lead to Speaker Thomas Foley's "bedroom." This allusion was to the fact that Mr. Foley's wife and unpaid aide, Heather Foley, was among those questioned by the task force about her knowledge of the early stages of the Post Office inquiry. And the GOP strategy now appears aimed partly at embarrassing the House speaker by refocusing attention on the Capitol police's complaints of obstruction of its inquiry, which Mrs. Foley denies.

The partisan maneuvering spilled onto the floor of the House last night, provoking a rebuke from Majority Leader Richard Gephardt, who dismissed suggestions that the leadership had sought Mr. Johnson's letter as a means to blunt the GOP pressure. "I hear a lot about law and order," said the Missouri Democrat. "The best way to represent law and order is to cooperate with law enforcement officers."

GOP leadership said last night that it will still press today for the immediate release of the task force transcripts.

A career prosecutor before being named to the U.S. attorney's post this year, Mr. Johnson's task is being made more difficult by widely publicized comments by his predecessor, Republican Jay Stephens. Mr. Stephens, who is running for the U.S. Senate in Virginia, has suggested the Clinton administration is slowing the Rostenkowski investigation until Congress has completed negotiations on the tax bill.

Texas Rep. Richard Arney, chairman of the House GOP caucus, said yesterday that Mr. Rostenkowski should "step aside" from presiding over the negotiations if, in fact, he was among the congressmen cited in the court papers.

The bitterness among Republicans surfaced when a freshman, Rep. John Linder of Georgia, suggested the scandal may yet

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Los Angeles Times

DATE: 7/27/91
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New Charges Put House Democrats on the Defensive

By KAREN TUMULTY
TIMES STAFF WRITER

WASHINGTON—Fresh allegations that House Ways and Means Chairman Dan Rostenkowski (D-Ill.) was involved in a House Post Office embezzlement scheme has House members uneasy about the institution's reputation, still bruised from last year's scandals. They fear it could be in for another pounding.

Given Rostenkowski's enormous power, fellow Democrats were leery Wednesday of speaking about their fears publicly. Privately, however, many confided that they are deeply troubled by the position in which they find themselves.

"We should be calling for complete disclosure. Instead, we are on the defensive," said one exasperated freshman, who is part of a huge crop of new lawmakers elected in the wake of last year's scandals involving the House Post Office and its now-defunct bank.

Republicans, however, were quick to fan the accusations in a series of news conferences and speeches on the House floor. "The stink of corruption in the House post office threatens the most powerful of House Democratic leaders," said California Rep. Dana Rohrabacher (R-Huntington Beach).

The controversy erupted into a partisan tug-of-war over a question about releasing secret files and transcripts of testimony taken by a House task force that looked into the scandal after it surfaced last year.

Republicans called for immediate release of the task force's documents. But House Speaker Thomas S. Foley (D-Wash.) said that such disclosure could compromise a Justice Department investigation that is under way.

Late Wednesday afternoon, U.S. Atty. J. Ramsey Johnson sent a letter to Foley and Republican Leader Robert H. Michel (R-Ill.) asking them not to release the task force materials.

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Times staff writer William J. Eaton contributed to this report.

Rostenkowski's Troubles Could Tarnish Congress

By Linda Feldmann

Staff writer of The Christian Science Monitor

WASHINGTON

WASHINGTON is reeling over the news that Rep. Dan Rostenkowski (D) of Illinois, one of the most powerful members of Congress, may be set to take a fall.

The burly Chicago ward-heeler has been implicated in a scandal involving embezzlement of funds from the House Post Office. If indicted, he would have to step down as chairman of the House's Ways and Means Committee.

This came as a blow to the White House and to Congress's Democratic leadership, which together have their first chance in 12 years to show Democrats can govern. Mr. Rostenkowski, touted by colleagues as a master of the political process, is the top House negotiator with the Senate in the tough deficit-reduction conference in progress. And he is central to the administration's health-care and welfare reforms.

Rostenkowski's troubles also further tarnish the image of Congress, which in the past year has sought to eliminate patronage and is working on reforms to make it more effective in its primary function, lawmaking.

Around Washington, Democrats and some Republicans are shaking their heads in disbelief that one so powerful and with access to much bigger money than he allegedly took could get wrapped up in such a scheme.

"Everybody's going around [on Capitol Hill] with a stiff upper lip, but I can tell you a lot of people are really aching over this," says an aide to a top House Democrat.

"Well, I just believe the charges against Danny don't make any sense," Treasury Secre-

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are puzzled
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tary Lloyd Bentsen a Monitor breakfast Tuesday.

Rostenkowski's name had surfaced last year in connection with charges of embezzlement from the House Post Office, but the link grew much stronger Monday with the court testimony of former House Postmaster Robert Rota. In a plea bargain, Mr. Rota admitted to exchanging postage-stamp vouchers for cash to several members of Congress.

Two members cited in court papers were identified only as Congressman A and Congressman B, but comparisons of postal records submitted by Rostenkowski identify him as Congressman A, who Rota says received \$21,300 between 1987 and 1991. The other congressman is identified as former Rep. Joe Kolter (D) of Pennsylvania. A Rostenkowski spokesman said the congressman has "no comment."

A senior White House official says the situation is not affecting the House-Senate budget conference, a delicate operation in which virtually every Democratic vote is essential.

"We are proceeding apace; nothing's changed," says the official, who is involved in the conference. But he acknowledges that the White House has had a discussion with Rep. Sam Gibbons (D) of Florida, who would take over as chairman of Ways and Means. And, the official says, life without "Rosty" would make it more difficult to get health care reform through Congress.

Investigations toward a possible indictment will reportedly

take several weeks, and the budget conference is expected to finish by early August.

Representative Gibbons says Rostenkowski "seemed himself" in conference Tuesday. "He handles pressure well," he said.

The low-key Gibbons would find filling Rostenkowski's shoes a tall order. "I'm certainly interested in being chairman, though I didn't want it to happen under these circumstances," he said.

When asked about his style, he said: "I've been a subcommittee chairman for years, and I try to build consensus. I try to do what's correct."

Gibbons "just doesn't have the sheer force of personality" that Rostenkowski has, says the Democratic leadership aide. "When you say 'the chairman,' that means only one person."

In congressional offices, members and aides are trying to understand a situation that, on the surface, doesn't make sense. Last year, Rostenkowski could have retired from Congress and legally kept his \$1 million campaign war chest. Why, Washington is asking, would he take the time and trouble just to take in a spare \$1,000 here and there?

Some Republicans, however, seem to be taking the news with a partisan glee, and are working to make sure the public knows the people in trouble are from the Democratic Party, which has run Congress for 40 years. "Just as in Japan, this is about corrupt one-party rule for four decades," said Rep. Newt Gingrich, House Republican Whip, in a fax issued just after Rota's plea.

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By Linda Feldmann

Staff writer of The Christian Science Monitor

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The Philadelphia Inquirer

KNIGHT-RIDDER NEWSPAPERS

DATE: 7/22/93
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Probing Congressman A

The Democrats are doing what must be done

Now that the former postmaster of the House of Representatives has admitted scheming with some lawmakers to embezzle post office funds, the storm clouds are gathering over Rep. Dan Rostenkowski of Illinois — the alleged "Congressman A" of this legal and political drama.

While the widening scandal could present problems for the Clinton administration, and could lower the public's already low regard for Congress, it's also a welcome sign that the Democratic-controlled executive branch is acting responsibly, even relentlessly, in probing other Democrats in Congress.

Many doubted that a full-scale investigation would continue after Attorney General Janet Reno sent form letters to almost all the nation's U.S. Attorneys to clean out their desks. When that happened in March, the Republican U.S. Attorney in Washington, D.C., complained publicly that his office's probe of the post office affair might get deep-sixed for political reasons. Adding credibility to his concern was the identity of one of the people being investigated: Mr. Rostenkowski, a one-man juggernaut for the Clinton economic program.

But Monday's plea bargain by the former postmaster, Robert V. Rota, seems to refute this concern. With his admission of guilt, Mr. Rota effectively identified Mr. Rostenkowski and former Rep. Joe Kolter (D., Pa.), as two members of Congress who benefited from the stamps-for-money exchanges. (Both men have denied any wrongdoing.)

If Mr. Rostenkowski is indicted, it would deprive President Clinton of a key ally on upcoming fights such as health-care reform because the rules would require him to step aside as chairman of the Ways and Means Committee. And if he were found guilty of embezzlement, he might well be expelled from Congress.

That would be an ignominious end to a congressional career whose high points (such as his work for low-income tax relief, loophole-closing and deficit-cutting) have thus far exceeded their low points (such as secretive tax breaks for favored corporations and fat cats).

Whether people like the guy or not, the public should be glad to see this investigation moving forward. Americans want justice to be pursued without regard to politics, and thus far, that's what they're getting.

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The Real Rostenkowski Problem

A front-page picture yesterday showed President Clinton lunching amiably with Representative Dan Rostenkowski of Illinois, just a day after the powerful chairman of the House Ways and Means Committee was linked in court to an embezzlement scandal at the House Post Office. The smiles on their faces masked the awkwardness of the moment.

Don't worry, say Democratic lawmakers, Mr. Rostenkowski's troubles won't affect the President's deficit-reduction program. It's hard to believe that Mr. Rostenkowski's legendary legislative skills won't be hurt. But his skills are not the issue; the issue is the cloud that hovers over his head.

His colleagues remain in deep denial about that cloud. True, he says he's innocent, and has not formally been charged with anything. But whether or not the current allegations lead to indictment, he rendered himself unfit for a leadership post a year ago when he refused to testify before a grand jury looking into possible corruption in the House. The latest disclosures merely underscore the cowardice of House Democrats who refuse to offend their influential colleague.

When Attorney General Janet Reno clumsily demanded the resignation of all United States Attorneys back in March, she raised fears that the new Administration might try to derail the financial auditing of Mr. Rostenkowski begun by the Republican U.S. Attorney Jay Stephens. But this week that office — now answerable to a Democratic Administration — reached a plea-bargain agreement with Robert Rota, the former Postmaster of the House of Representatives.

To Ms. Reno's credit, the investigation begun

by Mr. Stephens appears to be proceeding without political interference. Mr. Rota pleaded guilty to one count of conspiracy and two counts of embezzlement. He said he had helped Mr. Rostenkowski — identified in court papers as "Congressman A" — steal more than \$20,000. Prosecutors are said to be gathering evidence of transactions in Chicago, in an effort to link separate accusations into a more serious case.

Meanwhile Mr. Rostenkowski continues to influence budget, health care, welfare and other areas under the Ways and Means Committee's jurisdiction. That seems increasingly inappropriate.

Some news reports allege other dubious transactions by Mr. Rostenkowski involving misuse of campaign funds. By themselves those reports, along with Mr. Rota's accusation, wouldn't justify depriving Mr. Rostenkowski of his chairmanship — or President Clinton of the Congressman's talents. But last summer Mr. Rostenkowski should have been willing to testify openly and under oath about House operations to a grand jury. He cited his Fifth Amendment right against self-incrimination. That was his right as a citizen, and as a member of Congress. But by evading scrutiny and responsibility he forfeited any claim to his pivotal position.

The Democrats could have acted earlier when a transition would have been less disruptive. No one, not even the able Mr. Rostenkowski, is indispensable. To let him remain front and center in the budget process now can only breed further disrespect for Congress and many more awkward moments for the President. Mr. Rostenkowski's colleagues should ask him to step aside now.

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(Indicate page, name of Sec. 1, Pg. 2 newspaper, city and state.)

Chicago Tribune
Chicago, IllinoisDate: July 22, 1993
Edition: Sports FinalTitle: PROSECUTOR: KEEP HOUSE
PROBE FILES SECRETCharacter:
or
Classification:
Submitting Office: Chicago

Indexing:

Prosecutor: Keep House probe files secret

WASHINGTON—The prosecutor investigating Rep. Dan Rostenkowski (D-Ill.) is opposing Republican calls for release of confidential information gathered last year in a congressional examination of wrongdoing at the House post office.

In a letter Wednesday to House Speaker Thomas Foley (D-Wash.), U.S. Atty. J. Ramsey Johnson said making the documents public "could have a significant adverse effect on the ongoing criminal investigation."

Johnson asked Foley to keep the documents under wraps because the criminal inquiry "inevitably involves many of the same witnesses and transactions" that the special House task force examined last year.

Foley did not respond immediately, but House Minority Leader Bob Michel (R-Ill.) said he would introduce a resolution Thursday calling for full disclosure of all the documents.

While most Republicans would be likely to vote the resolution, Democrats would face a choice between a desire for openness and concern about being blamed if the action jeopardized the investigation of Rostenkowski, the 65-year-old Chicago Democrat who chairs the House Ways and Means Committee.

Rostenkowski has consistently denied any wrongdoing.

But a former House postal employee who was one of the first to implicate him said court documents were "very accurate" in outlining a scheme through which the congressman allegedly exchanged official stamp vouchers for \$20,000 in cash.

In a brief interview with Congressional Quarterly magazine, James C. Smith confirmed press reports that former House Postmaster Robert Rota asked him for the cash and told him that

Rostenkowski was one of the House members receiving it.

Rota pleaded guilty Monday to charges that for years he provided a "largely untraceable source of illegal cash" to several congressmen.

"I feel sorry for Rostenkowski," said Smith, who got his job through Rostenkowski's patronage. "I just wonder if he ever sat down and thought about what he was doing. He's not a bad guy, really."

Smith, who will be a key witness if Rostenkowski is indicted and goes to trial, said he thinks the investigation "will probably come to a swift conclusion now."

In televised interviews, the former top prosecutor in the case, Jay Stephens, said he also thinks it is "simply a matter of time" until formal charges are brought against Rostenkowski, who has served in Congress since 1959.

Stephens, who supervised the lengthy investigation until last spring, said on ABC's "Nightline" Tuesday that prosecutors are investigating the possibility that Rostenkowski pocketed "tens of thousands or hundreds of thousands of dollars" through a variety of schemes.

Stephens confirmed reports that investigators are exploring whether Rostenkowski "laundered" significant sums of money by writing checks on his re-election fund and political-action fund under the guise of buying stamps.

He added that investigators are scrutinizing Rostenkowski's car and office leases in Chicago that involve tens of thousands of taxpayer dollars.

Stephens, a Republican appointee as U.S. attorney who was asked to resign by the Clinton administration, also alleged that his removal slowed the inquiry and "bought a substantial amount of time" for President Clinton, who has relied heavily on Rostenkowski in pushing his economic plan.

But in a shouting match with Stephens on CNN's "Crossfire" Wednesday night, Rep. Mel Reynolds (D-Ill.) said it was "reprehensible" for Stephens to publicly discuss the details of allegations against Rostenkowski based on evidence that he was privy to as a prosecutor.

Reynolds, the newest member of the Ways and Means Committee, and Rep. Charles Rangel (D-N.Y.), a veteran on the committee, charged that Stephens was making the TV appearances to drum up publicity for a possible bid for the U.S. Senate in Virginia.

Rangel said Stephens' actions were "really a disgrace to the presumption of innocence."

Congressional officials said some of the files from their inquiry into the House post office scandal last year could touch on the allegations involving Rostenkowski.

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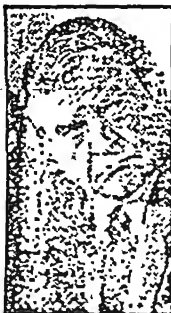
House scandal heating up GOP spotlights Rostenkowski's role

By DAVID HESS
Herald Washington Bureau

WASHINGTON — The controversy over possible thefts from the House Post Office by House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., and other Democrats continued Wednesday as the U.S. attorney warned that Republican demands for release of House files related to the case could impede his inquiry.

Rostenkowski was identified as a target in an ongoing Justice Department investigation of House Post Office thefts earlier this week when former House Postmaster Robert Rota pleaded guilty to embezzlement charges.

Several Republicans made clear Wednesday that they intend



Rostenkowski to turn up the heat under majority Democrats by demanding immediate disclosure of the post office files. They believe the files would finger Rostenkowski and perhaps as many as eight or 10 other members, mostly Democrats.

Acting U.S. Attorney J. Ramsey Johnson urged House leaders Wednesday to resist the pressure for instant disclosure of the files.

"I am writing to express this office's serious concern that the release of such materials could have a significant adverse effect on the ongoing criminal investigation [of] the House Post Office," Johnson wrote. "Accordingly, I ask you not to authorize the release of such materials."

The papers in question formed the investigative record of a bipartisan task force that last year probed various allegations of wrongdoing by Rota, several post office employees and members of Congress.

The task force excoriated the operations of the post office and forced Rota's departure, but came to no conclusion on whether specific members of Congress had been involved in criminal misdeeds.

Rostenkowski's troubles could not have come at a worse time for President Clinton.

The president and his top advisers have been banking on Rostenkowski's clout and skill to help steer Clinton's controversial budget package through the current House-Senate conference.

But Rostenkowski's reputation has been battered and his influence threatened by Rota's guilty plea.

Rep. Dick Armey, R-Texas, said that if Rostenkowski is the culprit that Rota identified to federal prosecutors as part of the embezzlement scheme, "then he should step aside from presiding over the largest tax increase in American history."

The GOP has insisted that Clinton's budget package, which calls for a \$500 billion reduction in the deficit through a combination of tax hikes and spending cuts, is essentially a big tax bill.

Under House rules, Rostenkowski would not be obliged to step aside unless he was indicted.

But Armey said he should do so now.

"It's a matter of trust," the Texas conservative said. "It would be hard for the conference committee to produce a package that would have credibility under his direction."

Over the past two days, Rostenkowski has been lauded and defended by the president and top administration aides. On Wednesday morning, Treasury Secretary Lloyd Bentsen was asked if Rostenkowski's legal troubles were hurting Clinton's bill in the conference.

"I don't think that's a part of the conference, or a part of the problem," Bentsen said.

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of Mr. Rota's secret testimony before the House task force where he denied any wrongdoing and said he did only what superiors in the Democratic Party told him to do.

"If we keep these records hidden, the message to the American people will be: If you are an insider, if you are a favored reporter, you can see the transcripts and that's OK.... But if you are an average American citizen, you need not apply" to review the records," said Mr. Michel, Illinois Republican.

House Majority Leader Richard A. Gephardt, whose own resolution to keep the records sealed was agreed to by a vote of 244-183 along mostly party lines, said release of the documents could be harmful to the ongoing criminal probe.

"I cannot comprehend why any-

one, in the face of the clear, unequivocal recommendation of the U.S. attorney, would vote to let documents out which could interfere with, damage, obstruct or bungle" the federal criminal investigation, the Missouri Democrat said.

Mr. Gephardt was referring to a letter released yesterday from Mr. Johnson, the interim U.S. attorney, who opposed release of the documents because it could impede his criminal probe. So far, Mr. Rota and eight other persons have been convicted.

When Rep. Bill Thomas of California, the ranking Republican on the House Administration Committee, accused Democrats of conspiring with the Justice Department to generate the Johnson letter, the floor fight began.

Speaker Thomas S. Foley, Washington Democrat, who was presiding over the House at the time, bolted from his chair and, after a few minutes, called the Republicans' assertions "totally and absolutely incorrect."

"Let me make it again abundantly clear," Mr. Foley said in a raised voice full of anger. "No one has talked to the United States attorney or the attorney general" about producing the letter to ensure that records remain locked up.

"I have not talked to [Attorney General] Janet Reno since she was sworn in," Mr. Foley said. He asked why Republicans had failed to have what he called the simple courtesy of checking the accuracy of their charge with him before making it on the floor.

(Mount Clipping in Space Below)

Storm Swirls, But He Keeps Grip on Power

By Basil Talbott
Sun-Times Washington Bureau

WASHINGTON—Rep. Dan Rostenkowski's deepening troubles stirred up turmoil in the House Wednesday but did not begin to dislodge him from his seat of power.

Democratic colleagues stood by Rostenkowski, chairman of the House Ways and Means Committee, although some kept a little distance. Some Republicans took indirect shots at Rostenkowski, but only gingerly.

A blowup on the House floor centered on corruption in the House post office—the scandal in which Rostenkowski has been implicated—but attacking Republicans didn't mention his name in debate. When Majority Leader Richard Gephardt (D-Mo.) indicated that Rostenkowski appeared to be their target, Rep. Robert Walker (R-Pa.) denied that he had the Chicago lawmaker in mind.

The Republicans denounced a letter to House leaders by interim U.S. Attorney J. Ramsey Johnson opposing the release of testimony taken last year in an internal House investigation of the post office scandal.

"The release of such materials could have a significant adverse effect on the ongoing criminal investigation being conducted by this office," Johnson wrote.

The letter from Johnson came after two groups of Republican legislators announced plans to seek release of interview transcripts, documents and other materials gathered during the bipartisan review last year.

Walker charged a cover-up, claiming that he had it on good authority that Speaker Thomas S. Foley had a conversation with the Justice Department before the let-

ter from Johnson was written. Gephardt denied that Foley spoke with the U.S. attorney, but Walker said Foley's conversation was with Attorney General Janet Reno.

At a press conference, Rep. Richard Armey (R-Texas), chairman of the House Republican Caucus, said that if Rostenkowski was implicated in the scheme, he should step aside as a member of the House-Senate conference committee that is negotiating President Clinton's deficit-reduction package.

"It would be hard for the conference committee to produce a package that would have any credibility under his direction," Armey said.

Most members refrained from such attacks, however, apparently awaiting for further information from an ongoing grand jury investigation before considering a move against Rostenkowski. Democratic rules of the House call for a committee chairman who is indicted to step down from his post, but short of that there is no sanction.

"I don't want to jump on anybody until there is definitive action," said Rep. Henry J. Hyde (R-Ill.), a member of the House Republican leadership team and friend of Rostenkowski's. Hyde noted that prosecutors have said several House members were involved in embezzlement from the post office, leaving a cloud hanging over the entire institution.

Democrats are showing some concern, but have stuck by Rostenkowski as their chief negotiator on Clinton's economic program.

Rep. Mike Andrews (D-Texas), a member of Rostenkowski's conference committee, called the reports of Rostenkowski's involvement "a bad story" but said he didn't think it would affect budget negotiations.

Though subdued, Rostenkowski

(Indicate page, name of newspaper, city and state.)
Page 22
Chicago Sun-Times
Chicago, Illinois

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THE WASHINGTON POST

THURSDAY, JULY 22, 1993 A13

Justice Dept. Warns Against Release of House Post Office Materials

By Kenneth J. Cooper
Washington Post Staff Writer

The Justice Department yesterday asked House leaders not to release materials from an internal review of the House Post Office, warning that public disclosure could "compromise the ongoing grand jury investigation" of alleged embezzlement and other criminal activities.

The afternoon letter from Interim U.S. Attorney J. Ramsey Johnson came after two groups of Republican lawmakers announced plans to seek release of interview transcripts, documents and other materials gathered in the course of a bipartisan review concluded a year ago.

Republicans renewed their push for disclosure, which the House rejected twice last year, after former House postmaster Robert V. Rota this week pleaded guilty to misdemeanors and in court papers indicated that he helped two lawmakers embezzle tens of thousands of dollars.

"I am writing to express this office's serious concern that release of such materials could have a significant adverse effect on the ongoing criminal investigation being conducted by this office into matters associated with the House Post Office," Johnson said. "Accordingly, I ask you not to authorize the release of such materials."

Johnson's three-paragraph letter was addressed to Speaker Thomas S.

Foley (D-Wash.) and Minority Leader Robert H. Michel (R-Ill.).

Earlier, Foley told reporters that Democratic leaders were seeking bipartisan agreement to disclose the investigative materials after Attorney General Janet Reno had a chance to review them and object to the release of any.

"I think the important thing is that we... not interfere in any way in the ongoing review by the Justice Department and U.S. attorney's office," Foley said.

A Foley aide said the speaker accepted Johnson's letter as a statement on behalf of Reno.

About a half hour after the letter was delivered, Republican leaders met to decide whether to press for

disclosure as planned. Michel introduced a resolution calling for immediate release of the documents.

Several GOP lawmakers repeated their support for releasing the materials, noting that Johnson's predecessor, Jay B. Stephens, made similar requests last year. "We're committed to full disclosure," said Rep. Scott L. Klug (R-Wis.).

In separate news conferences, Republican freshmen and second-term members urged immediate release of the documents to remove suspicion from uninvolved members and shore up public confidence in the House. Klug and other Republicans last year made similar arguments for disclosures in the House Bank and House Post Office scandals.

In July 1992, Democrats and Republicans on an investigative task force issued separate reports on the post office.

The one sitting House member who court papers appear to tie to the alleged embezzlement, Ways and Means Chairman Dan Rostenkowski (D-Ill.), led opposition on the House floor to a GOP resolution disapproving of trade preferences for China. He seemed in a jovial mood, smiling and joking with fellow Democrats. Rostenkowski later met with Treasury Secretary Lloyd Bentsen, Office of Management and Budget Director Leon E. Panetta and Senate Finance Chairman Daniel Patrick Moynihan (D-N.Y.) to discuss President Clinton's economic package.

Stephens, the former prosecutor, said on ABC-TV's "Nightline" Tuesday that Rostenkowski may have embezzled "tens of thousands or hundreds of thousands of dollars" from the post office. He said "it's simply a matter of time" before Rostenkowski is indicted.

Stephens also charged that his removal along with other Republican appointees earlier this year delayed Rota's guilty plea for about 90 days. The delay "bought a substantial amount of time" while Rostenkowski "was performing a critical function for the administration with regard to the budget and tax bills," he said.

Johnson, interviewed on Fox television yesterday, disagreed, saying, "There was absolutely no delay."

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The Philadelphia Inquirer

KNIGHT-RIDDER NEWSPAPERS

Probing Congressman A

The Democrats are doing what must be done

Now that the former postmaster of the House of Representatives has admitted scheming with some lawmakers to embezzle post office funds, the storm clouds are gathering over Rep. Dan Rostenkowski of Illinois — the alleged "Congressman A" of this legal and political drama.

While the widening scandal could present problems for the Clinton administration, and could lower the public's already low regard for Congress, it's also a welcome sign that the Democratic-controlled executive branch is acting responsibly, even relentlessly, in probing other Democrats in Congress.

Many doubted that a full-scale investigation would continue after Attorney General Janet Reno sent form letters to almost all the nation's U.S. Attorneys to clean out their desks. When that happened in March, the Republican U.S. Attorney in Washington, D.C., complained publicly that his office's probe of the post office affair might get deep-sixed for political reasons. Adding credibility to his concern was the identity of one of the people being investigated: Mr. Rostenkowski, a one-man juggernaut for the Clinton economic program.

But Monday's plea bargain by the former postmaster, Robert V. Rota, seems to refute this concern. With his admission of guilt, Mr. Rota effectively identified Mr. Rostenkowski and former Rep. Joe Kolter (D., Pa.) as two members of Congress who benefitted from the stamps-for-money exchanges. (Both men have denied any wrongdoing.)

If Mr. Rostenkowski is indicted, it would deprive President Clinton of a key ally on upcoming fights such as health-care reform because the rules would require him to step aside as chairman of the Ways and Means Committee. And if he were found guilty of embezzlement, he might well be expelled from Congress.

That would be an ignominious end to a congressional career whose high points (such as his work for low-income tax relief, loophole-closing and deficit-cutting) have thus far exceeded their low points (such as secretive tax breaks for favored corporations and fat cats).

Whether people like the guy or not, the public should be glad to see this investigation moving forward. Americans want justice to be pursued without regard to politics, and thus far, that's what they're getting.

58C-WF-180673-N

Chicago Tribune

"In any event, both of the daughters were paid by the exchange only for hours they worked."

Exchange records show that Stacy has received \$154,648 since she was hired by Donovan in 1984. Stacy was carried on the CBOT's books as a full-time employee for four years, reverting to part-time status in 1990. She last worked in June as a \$15-an-hour assistant to David Prosperi, the exchange's vice president in charge of communications, officials said.

Dawn, who was carried on the CBOT personnel roster as a \$15-an-hour part-time employee, has not drawn a paycheck since December 1990, exchange records show. CBOT records disclosing her total compensation were not immediately available, Prosperi said.

Industry sources said the daughters worked less than 10 percent of the time for which they were compensated, and when they did show up for work, they either were unqualified for their assigned tasks or refused to carry them out.

Exchange insiders said the sisters frequently were shunted from one department to the next by CBOT managers in such departments as marketing because they were untrained or unwilling to work. Ultimately, the two were assigned as chaperones in the CBOT's viewing gallery, on the fifth floor, where they greeted visitors, "because they could do the least damage there," one source said.

When the two women did report for work, sources said, they sometimes created ill will among other employees because they flaunted their liberal working arrangements, their pay—which was as much as \$7 an hour more than their counterparts in the visitors' gallery—and the fact that they received annual bonuses.

In an interview, Donovan said he hired the two women, whom he has known for 25 years, without intervention from their father. Donovan described the girls as "very polite and highly qualified."

Donovan said Dawn was hired in October 1983 after she came to him and voiced a desire to work part-time to supplement her income as a United Airlines flight attendant. The following year, he said, Stacy was hired to work full-time after she was laid off as a Delta Airlines flight attendant, fell ill, and needed work and an employer-sponsored medical plan.

She has since returned to work for Delta.

"At no time did those girls get paid without working for that pay," Donovan said. "First, I would never allow my job to be jeopardized by doing such a thing; and secondly, if Danny ever found out such a thing was going on, he would be furious."

"Of all the elected officials I have met and been friendly with, Congressman Rostenkowski has asked the least of this exchange. Our political action committee only rarely reaches the maximum contributions allowed annually [to him]," said Donovan.

Rostenkowski is easily the most important ally of the CBOT, and Chicago's other major futures exchange, the Chicago Mercantile Exchange. A featured speaker at the Futures Industry Association's annual Florida conference, Rostenkowski has taken credit for killing three attempts—twice by the Bush administration and once by Clinton's—to impose a tax on futures transactions.

Stacy was hired as a full-time employee in December 1984 at a starting annual salary of \$25,000 in addition to a yearly bonus of several thousand dollars. In 1986 her annual salary was boosted to \$30,500, where it remained until the end of 1989, when she reverted to \$15-an-hour part-time employment.

Dawn, hired by Donovan in October 1983, worked only part-time, at a rate of \$15 an hour, exchange officials said. Sources said Dawn, like her sister, received an annual bonus, even though she was a part-time employee.

"They both got huge bonuses, which they did not deserve, and they would laugh about them and show other employees their paychecks," one source said. "Once Dawn complained that her bonus was not large enough, and they coughed up more."

The Rostenkowski children are no newcomers to jobs with connections. At age 15, Stacy landed a part-time job with State Sen. Norbert Kosinski, the 32nd Ward's man in Springfield until his death in 1978. Later, she got a \$15,000-a-year job with his replacement, Sen. Walter J. Nega, Rostenkowski's longtime administrative assistant.

During a four-year period in the mid-80s, Dawn earned a \$12,000 annual salary as an aide to former State Sen. Edward Nedza.

Tribune staff writer Michael Tackett in Washington contributed to this report.

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The Washington Post

'Robb Challenger Blasts Clinton

Over House Probe

By Kent Jenkins Jr.
Washington Post Staff Writer

In a move that analysts say could boost his prospects as a U.S. Senate candidate in Virginia, former U.S. attorney Jay B. Stephens has accused the White House of interfering with an investigation of Capitol Hill corruption that he led.

Stephens, a Republican, alleged in a nationally televised interview this week that the Clinton administration has delayed a probe of wrongdoing at the House of Representatives Post Office, largely to protect a senior House Democrat.

Stephens, who lives in Fairfax County, is one of three Republicans actively seeking the GOP nomination for the Senate seat held by

Democrat Charles S. Robb. Though the election is 16 months away, Stephens already has made his work prosecuting public corruption as U.S. attorney for the District his primary political theme.

In an interview Tuesday night on ABC's "Nightline," Stephens never mentioned his political aspirations. But he accused the Clinton White House of seeking "to delay immediate action" in an investigation of Rep. Dan Rostenkowski (D-Ill.), the chairman of the House Ways and Means Committee. Stephens also said that "my sense is it's simply a matter of time" before Rostenkowski is indicted.

Several analysts said yesterday that Stephens's high-profile role as a critic of the Democratic-controlled

Congress will almost certainly increase his appeal to Virginia Republicans. But they said that Stephens starts well behind one other GOP candidate, Oliver L. North, and that he risks criticism for mixing politics with legal matters.

"I'm sure he would deny that the Senate candidacy had anything to do with what he said about the investigation at all," said Larry J. Sabato, a political scientist at the University of Virginia. "But it's certainly a wonderful marriage of policy and politics. It's a great horse for him to ride."

Stephens's work with the House Post Office investigation "sets him up nicely to be the second Republican Senate candidate challenging

who frequently criticizes Congress's treatment of him in the Iran-contra scandal.

"Stephens's one best chance is to provide a contrast between himself and Oliver North," said Mark J. Rozelle, a political scientist at Mary Washington College. "This allows Stephens to point out that he was fighting crime while Oliver North was being indicted. He can also capitalize on the anti-Congress mood."

In an interview yesterday, Stephens said his comments were not politically motivated. "In my mind I was wearing a law-enforcement hat," he said. "I'm still in prosecutor mode."

"I have a record of 15 years of professional law enforcement, and I was asked to discuss a case. My comments reflect that backdrop."

Stephens served as the U.S. attorney for the District for five years, from 1998 until April, when President Clinton fired him as part of a mass dismissal of Republican-appointed federal prosecutors. The most celebrated case of his tenure was the conviction of then-D.C. Mayor Marion Barry on a drug charge.

When he lost his job, Stephens said the House Post Office investigation was at a "critical stage" and accused the White House of trying to derail it. He went further in the "Nightline" interview, suggesting that the only way Rostenkowski could avoid indictment is via White House intervention.

"If no further action is taken in this case," Stephens said, "I think it would raise very serious questions about whether or not effort was made to derail or further delay this investigation."

Stephens's political hopes are based almost entirely on his career as a prosecutor. He has never run for office and has relatively few ties to the Virginia GOP establishment. In a speech to the state party convention last month, Stephens won applause by prominently mentioning the Barry and House Post Office probes.

North and the other Republican seeking the Senate nomination, Reagan administration budget director James C. Miller, said yesterday they believe Stephens's concerns about the Post Office investigation are justified.

North's chief of staff, Mark Merritt, said that Stephens "may have a point ... he's saying the same things he said as prosecutor, and there's nothing wrong with it."

Miller said that "from what I've heard [Stephens] say, I don't think he's taking undue political liberties."

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The Real Rostenkowski Problem

A front-page picture yesterday showed President Clinton lunching amiably with Representative Dan Rostenkowski of Illinois, just a day after the powerful chairman of the House Ways and Means Committee was linked in court to an embezzlement scandal at the House Post Office. The smiles on their faces masked the awkwardness of the moment.

Don't worry, say Democratic lawmakers, Mr. Rostenkowski's troubles won't affect the President's deficit-reduction program. It's hard to believe that Mr. Rostenkowski's legendary legislative skills won't be hurt. But his skills are not the issue; the issue is the cloud that hovers over his head.

His colleagues remain in deep denial about that cloud. True, he says he's innocent, and has not formally been charged with anything. But whether or not the current allegations lead to indictment, he rendered himself unfit for a leadership post a year ago when he refused to testify before a grand jury looking into possible corruption in the House. The latest disclosures merely underscore the cowardice of House Democrats who refuse to offend their influential colleague.

When Attorney General Janet Reno clumsily demanded the resignation of all United States Attorneys back in March, she raised fears that the new Administration might try to derail the financial auditing of Mr. Rostenkowski begun by the Republican U.S. Attorney, Jay Stephens. But this week that office — now answerable to a Democratic Administration — reached a plea-bargain agreement with Robert Rota, the former Postmaster of the House of Representatives.

To Ms. Reno's credit, the investigation begun

by Mr. Stephens appears to be proceeding without political interference. Mr. Rota pleaded guilty to one count of conspiracy and two counts of embezzlement. He said he had helped Mr. Rostenkowski — identified in court papers as "Congressman A" — steal more than \$20,000. Prosecutors are said to be gathering evidence of transactions in Chicago, in an effort to link separate accusations into a more serious case.

Meanwhile Mr. Rostenkowski continues to influence budget, health care, welfare and other areas under the Ways and Means Committee's jurisdiction. That seems increasingly inappropriate.

Some news reports allege other dubious transactions by Mr. Rostenkowski involving misuse of campaign funds. By themselves those reports, along with Mr. Rota's accusation, wouldn't justify depriving Mr. Rostenkowski of his chairmanship — or President Clinton of the Congressman's talents. But last summer Mr. Rostenkowski should have been willing to testify openly and under oath about House operations to a grand jury. He cited his Fifth Amendment right against self-incrimination. That was his right as a citizen, and as a member of Congress. But by evading scrutiny and responsibility he forfeited any claim to his pivotal position.

The Democrats could have acted earlier when a transition would have been less disruptive. No one, not even the able Mr. Rostenkowski, is indispensable. To let him remain front and center in the budget process now can only breed further disrespect for Congress and many more awkward moments for the President. Mr. Rostenkowski's colleagues should ask him to step aside now.

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The Miami Herald

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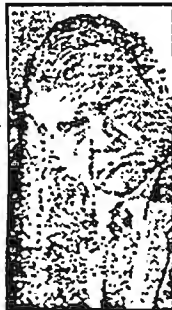
House scandal heating up GOP spotlights Rostenkowski's role

By DAVID HESS
Herald Washington Bureau

WASHINGTON — The controversy over possible thefts from the House Post Office by House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., and other Democrats continued Wednesday as the U.S. attorney warned that Republican demands for release of House files related to the case could impede his inquiry.

Rostenkowski was identified as a target in an ongoing Justice Department investigation of House Post Office thefts earlier this week when former House Postmaster Robert Rota pleaded guilty to embezzlement charges.

Several Republicans made clear Wednesday that they intend



Rostenkowski

to turn up the heat under majority Democrats by demanding immediate disclosure of the post office files. They believe the files would finger Rostenkowski and perhaps as many as eight or 10 other members, mostly Democrats.

Acting U.S. Attorney J. Ramsey Johnson urged House leaders Wednesday to resist the pressure for instant disclosure of the files.

"I am writing to express this office's serious concern that the release of such materials could have a significant adverse effect on the ongoing criminal investigation [of] the House Post Office," Johnson wrote. "Accordingly, I ask you not to authorize the release of such materials."

The papers in question formed the investigative record of a bipartisan task force that last year probed various allegations of wrongdoing by Rota, several post office employees and members of Congress.

The task force excoriated the operations of the post office and forced Rota's departure, but came to no conclusion on whether specific members of Congress had been involved in criminal misdeeds.

Rostenkowski's troubles could not have come at a worse time for President Clinton.

The president and his top advisers have been banking on Rostenkowski's clout and skill to help steer Clinton's controversial budget package through the current House-Senate conference.

But Rostenkowski's reputation has been battered and his influence threatened by Rota's guilty plea.

Rep. Dick Armey, R-Texas, said that if Rostenkowski is the culprit that Rota identified to federal prosecutors as part of the embezzlement scheme, "then he should step aside from presiding over the largest tax increase in American history."

The GOP has insisted that Clinton's budget package, which calls for a \$500 billion reduction in the deficit through a combination of tax hikes and spending cuts, is essentially a big tax bill.

Under House rules, Rostenkowski would not be obliged to step aside unless he was indicted.

But Armey said he should do so now.

"It's a matter of trust," the Texas conservative said. "It would be hard for the conference committee to produce a package that would have credibility under his direction."

Over the past two days, Rostenkowski has been lauded and defended by the president and top administration aides. On Wednesday morning, Treasury Secretary Lloyd Bentsen was asked if Rostenkowski's legal troubles were hurting Clinton's bill in the conference.

"I don't think that's a part of the conference, or a part of the problem," Bentsen said.

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Delay? An attorney for Rep. Dan Rostenkowski tried to postpone a court plea implicating the lawmaker.

Democrats keep postal data secret

By Paul M. Rodriguez
THE WASHINGTON TIMES

Democrats defeated Republican efforts to make public secret documents on the House post office yesterday amid disclosures that an attorney for Rep. Dan Rostenkowski tried to delay a damaging guilty plea by the former postmaster.

Mr. Rostenkowski is one of several current and former lawmakers implicated in an illegal scheme to embezzle and launder money through the congressional mail facility.

Justice Department spokesman Dean St. Dennis confirmed to the Associated Press a report in yesterday's Chicago Sun-Times that an attorney for Mr. Rostenkowski at-

Rostenkowski's lawyer angers U.S. attorney

tempted to delay a court proceeding Monday at which former House Postmaster Robert V. Rota pleaded guilty and implicated the Illinois Democrat.

The Sun-Times reported that one of Mr. Rostenkowski's attorneys had placed at least one call to an unnamed Justice Department official and sought to delay the Rota plea agreement until after a joint House-Senate conference committee completes work on President Clinton's \$500 billion budget package.

Mr. Rostenkowski, chairman of the tax-writing House Ways and Means Committee, is a key member

of the conference committee in support of the Clinton plan.

U.S. Attorney J. Ramsey Johnson reportedly is angry about the contact between Mr. Rostenkowski's attorney and the Justice Department, but sources could not confirm whether he was told previously about the attempt to delay the Rota guilty plea.

Mr. Rota, 58, pleaded guilty to three misdemeanor counts of embezzlement and of aiding and abetting an illegal scheme to convert congressional expense vouchers and stamps into cash for several members of Congress during his

20-year tenure as postmaster of the House.

Mr. St. Dennis did not identify the Rostenkowski attorney or the Justice Department official involved in the attempt to delay the conviction, but did confirm that the contact took place before Mr. Rota's guilty plea was filed in U.S. District Court.

Beside the issue of seeking to delay the timing of a guilty plea, the conversation or conversations that took place between Mr. Rostenkowski's unnamed attorney and the Justice Department official raises a host of larger questions, according to current and former congressional

and Justice Department officials contacted by The Washington Times.

"Something is terribly wrong here," said one of several officials who spoke with The Times on the condition of anonymity. "Obviously, they [Mr. Rostenkowski's attorneys] knew what was going on, which raises some very serious questions about the confidentiality of the U.S. Attorney's Office or the Justice Department," the official said.

Besides a breach in what otherwise is supposed to be confidential information, said another official, "the fact that Rostenkowski's lawyer felt comfortable to even make such a

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POSTAL

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call and then to make such a request shows there's more than just a problem [with confidentiality]. It shows there's been an ongoing dialogue somewhere that has compromised the U.S. attorney's investigation," the second official said.

"There should be an internal investigation by the attorney general and a stop put to this," the official added.

Other officials also pointed out that this is not the first time that attorneys for Mr. Rostenkowski have sought to interfere with the ongoing criminal probe, which was started in the summer of 1991 after U.S. Cap-

itol Police discovered an employee had stolen funds from the House Post Office.

"There have been other attempts to delay or intimidate the prosecutors in this case," said one of the officials.

"There has been a pattern of calls and implied threats before about how prosecutors would be fired or that the investigation would be stopped by the incoming [Clinton] administration," another official confirmed.

"I wouldn't say that all of these conversations are illegal, but some come perilously close to obstruction," the official said.

It was this theme of obstruction or political collusion by Democrats in wanting to withhold the secret documents of the House task force

investigation that dominated most of the fiery, two-hour debate over the records yesterday in the House.

House Minority Leader Robert H. Michel, who introduced a resolution to make public the secret documents said that "once again, the fetid odor of congressional scandal pollutes the political atmosphere."

Mr. Michel, whose resolution was defeated 242-186 mostly along party lines, decided to seek the release of the year-old documents because Mr. Rota not only implicated Mr. Rostenkowski and former Rep. Joe Kolter, Pennsylvania Democrat, but also admitted to lying to congressional investigators last year and to federal agents in 1979 about criminal activities.

The Times last year and the Associated Press this week ran excerpts

of Mr. Rota's secret testimony before the House task force where he denied any wrongdoing and said he did only what superiors in the Democratic Party told him to do.

"If we keep these records hidden, the message to the American people will be: If you are an insider, if you are a favored reporter, you can see the transcripts and that's OK. . . . But if you are an average American citizen, you need not apply" to review the records," said Mr. Michel, Illinois Republican.

House Majority Leader Richard A. Gephardt, whose own resolution to keep the records sealed was agreed to by a vote of 244-183 along mostly party lines, said release of the documents could be harmful to the ongoing criminal probe.

"I cannot comprehend why any-

one, in the face of the clear, unequivocal recommendation of the U.S. attorney, would vote to let documents out which could interfere with, damage, obstruct or 'bungle' the federal criminal investigation," the Missouri Democrat said.

Mr. Gephardt was referring to a letter released yesterday from Mr. Johnson, the interim U.S. attorney, who opposed release of the documents because it could impede his criminal probe. So far, Mr. Rota and eight other persons have been convicted.

When Rep. Bill Thomas of California, the ranking Republican on the House Administration Committee, accused Democrats of conspiring with the Justice Department to generate the Johnson letter, the floor fight began.

Speaker Thomas S. Foley, Washington Democrat, who was presiding over the House at the time, bolted from his chair and, after a few minutes, called the Republicans' assertions "totally and absolutely incorrect."

"Let me make it again abundantly clear," Mr. Foley said in a raised voice full of anger. "No one has talked to the United States attorney or the attorney general about producing the letter to ensure that records remain locked up."

"I have not talked to [Attorney General] Janet Reno since she was sworn in," Mr. Foley said. He asked why Republicans had failed to have what he called the simple courtesy of checking the accuracy of their charge with him before making it on the floor.

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"At the heart of this debate is a prolonged, systematic pattern of denial, of silence, of secrets known to the select few, of winks and nods among the old boy network in the majority," Michel said.

The Republicans renewed their demands for disclosure after former House postmaster Robert V. Rota pleaded guilty this week to misdemeanors and court papers were filed showing that he helped two lawmakers embezzle tens of thousands of dollars by allowing them to trade in stamps and vouchers for cash.

Although the two members were not named, the court papers and House records pointed to House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) and

A16 FRIDAY, JULY 23, 1993

THE WASHINGTON POST

House Votes to Withhold Post Office Documents

Democrats Claim Release Would Jeopardize Federal Prosecution; GOP Charges Coverup

By Eric Pianin
Washington Post Staff Writer

Democrats yesterday rejected Republican demands to release documents from a 1992 internal probe of the House Post Office, claiming the release would undermine a federal grand jury investigation of alleged embezzlement and other wrongdoing.

Following a venomously partisan debate on the floor, the House voted 244 to 186 to withhold the documents. Eleven Democrats joined with the Republicans in calling for the release.

Armed with a letter from Interim U.S. Attorney J. Ramsey Johnson urging that the documents and transcripts be withheld, Democrats had charged that the Republicans were out to "rev up" the talk shows and score political points, even if it meant "blowing the case."

But Republicans, led by House Minority Leader Robert H. Michel (R-Ill.), said they sensed a Democratic coverup and complained that unless the documents were released, all House members would be operating under a "cloud of suspicion."

former representative Joe P. Kolter (D-Pa.).

"Let's summon up our last remaining shreds of courage and dignity and let Americans see what the insiders already know," said Michel.

Republicans argued that it was senseless at this point to withhold the year-old material when some of it was beginning to leak out. Yesterday, the Associated Press reported that Rota had denied any knowledge of improper stamps-for-cash swaps involving House members, and said its information was based on a review of 209 pages of the unreleased transcript.

But Democrats said it would be absurd and wreckless to ignore the warning of federal prosecutor Johnson, a holdover from a Republican

administration, that release of the material "could have significant adverse effect on the ongoing criminal investigation."

"I cannot comprehend why anyone, in the face of the clear unequivocal recommendation of the U.S. attorney, unsolicited by this House, would want to go ahead and vote to send these materials out which could injure... or bungle" the investigation, said House Majority Leader Richard A. Gephardt (D-Mo.).

The crucial House vote was on a resolution offered by Gephardt that would delay action on the question of releasing the transcripts and documents until the federal prosecutor indicated he had no objections.

Separately, the House voted 242

to 186 to table Michel's resolution, which called for the immediate release of the material.

The debate was evocative of the bitter partisan rhetoric of a year ago, when Republicans sought to gain political mileage from the House bank scandal, an episode that ultimately ended the careers of several Republicans as well as Democrats. At a time when polls suggest widespread public distrust and disgust with Congress, yesterday's brawl provided more grist for cynics.

Rep. William M. Thomas (R-Calif.) charged during the debate that House Speaker Thomas S. Foley (D-Wash.) had solicited the letter from Johnson during a telephone conversation with Attorney

General Janet Reno. Thomas was forced to apologize after a seething Foley took the floor and denied he had spoken to Reno or any other Justice Department official about the case.

Foley complained that Republicans were engaging in "broad brush insinuations and accusations." Earlier in the day, he also lectured reporters about Rostenkowski's presumed innocence, in response to questions about the chairman's legal problems. Foley denied that the documents implicating Rostenkowski in the grand jury investigation had hurt his effectiveness in negotiating a budget compromise, and said he rejected suggestions that the Illinois Democrat should step aside.

"I have confidence in Mr. Rostenkowski as an honest person, that he's effectively conducting his responsibilities, and he's carrying on," Foley said. "At the present time, he's not accused of any offense."



REP. ROBERT H. MICHEL

... "let Americans see" House secrets

58C-WF-180673 Sub N-67

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(Indicate page, name of Page 1
newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

Date: July 23, 1993
Edition: Late Sports Final

House Aide's Story: Cash for 'Friend' Rosty

ide: HOUSE AIDE' STORY: CASH
FOR 'RIEND' ROSTY

WASHINGTON—James C. Smith was at his desk in his messy basement office in the Capitol one summer day in 1989 when his boss, the House postmaster, came in, closed the door and pulled an envelope from his jacket pocket that contained some paper work signed by Rep. Dan Rostenkowski (D-Ill.).

The document was a congressional expense account voucher for postage stamps. But postmaster Robert V. Rota did not really want stamps, Smith told the Chicago Sun-Times. Rota wanted Smith to give him \$2,000. The cash, he said, was for Rostenkowski.

"Can we do that?" Smith asked him. "Look," Rota replied. "He [Rostenkowski] is our friend. He takes care of you. He takes care of me. And this is the way he wants us to do it for him."

Looking back years later, Smith recalled his reaction: "I was no doubt taken aback when I saw his [Rostenkowski's] name on the voucher. I couldn't believe it was him."

A Georgia native who worked his way up the Capitol Hill patronage ladder, Smith owed his job at the post office to Rostenkowski. Smith retired from the office just this spring. Earlier this year, he was called to testify, under a grant of immunity, before the federal grand jury investigating post office embezzlement.

According to federal prosecutors, Rota helped a number of House members embezzle cash totaling tens of thousands of dollars in taxpayer money from the House post office. Rota has admitted giving the members cash in exchange for office vouchers or for postage stamps obtained with vouchers.

The charges against Rota list 12 separate instances in which "Congressman A"—whom sources have identified as Rostenkowski—exchanged stamps or vouchers for cash from 1985 to 1987 and from 1989 to 1991.

Smith had worked at the post office since 1960 and was promoted in the spring of 1989 to office supervisor of accounts. Rostenkowski had a hand in the promotion.

Smith's predecessor in the job of controlling the cash in the post office had been Paul Tomme, an attorney who now lives in Texas. Rota admitted this week when he pleaded guilty to embezzlement of post office funds that he did not trust Tomme. The cash arrangement had been interrupted during Tomme's brief tenure, court records indicate.

When Tomme moved on, Rostenkowski made a strong push for

Smith to get the job, according to Smith and the legal papers in Rota's court case. The way Assistant U.S. Attorney Thomas J. Motley put it, Smith got the job "with the



Robert V. Rota

personal intervention and insistence" of "Congressman A."

Smith felt a sense of loyalty to Rostenkowski that he said played into his thinking on that first occasion when he said Rota approached him for cash for the Chicago congressman. "He was my patron, my sponsor. Rota was my boss. So here I had my patron and my boss saying to do this. Rostenkowski is a hard man to turn down. Even his colleagues are wary of him. [Former] Congressman [Thomas J.] Downey has re-

ferred to him as a 500-pound gorilla."

So, as Smith put it, "I did what I thought I had to do."

Smith said that, so far as he knows, the money he provided for Rostenkowski was given directly to the congressman. "I never handed Rostenkowski any money directly," Smith said. "It was all done through Rota."

Character:
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58C-WF-180673 Sub N-68

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Smith says he was brought under Rostenkowski's wing by the congressman's longtime Capitol Hill office manager, Virginia C. Fletcher. Rota warned him during that first meeting in the basement of the Longworth House Office Building not to talk with Fletcher about the cash for Rostenkowski. Smith said Rota added, "You know, he [Rostenkowski] is very touchy about his private business."

Fletcher also has been subpoenaed under an immunity grant to testify to the grand jury investigating Rostenkowski, but Smith said, "Virginia is totally innocent."

Smith said Rostenkowski was the chief beneficiary of the arrangement but Rota provided cash for other congressmen.

Former Rep. Joseph Kolter (D-Pa.) has been mentioned in court documents. His congressional expense records were subpoenaed along with Rostenkowski's in May, 1992. But from what Smith said he witnessed, "Kolter was much less involved in this."

Rostenkowski has not been charged with any crime in the post office case. The jury investigation is continuing, also focusing on Rostenkowski's personal and campaign finances.

Attorneys for Rostenkowski and Rota did not return calls.

Smith said he goes back and forth in his feelings toward Rostenkowski. "I feel sorry for him. It's a terrible thing to fall from such a high place," he said.

"It's not like this is an evil man we're dealing with here," Smith said. "He gives thousands of dollars to charities. He's a good congressman."

Smith has been under pressure himself during the investigation, especially after newspapers identified him as a witness cooperating with prosecutors.

"I was sorry about the whole thing. It is very painful for everybody," said Smith. "I wish it hadn't happened."

JAMES C. SMITH

James C. Smith was raised in Atlanta and went north to Washington to go to college. He landed his first job on Capitol Hill in 1959, working for then-Rep. James C. Davis (D-Ga.).

Smith's first job with the House post office in 1960 was as a mail carrier to offices in the Cannon House Office Building. Under the patronage system on Capitol Hill, he was kept on by a series of sponsors as the representatives he worked for came and went.

When House Speaker John W. McCormack (D-Mass.) retired in 1970—the same year federal prosecutors in Washington pursued allegations of influence peddling in the speaker's office—Smith heard about a patronage opening in the office of Rep. Dan Rostenkowski (D-Ill.). He apparently impressed Rostenkowski's top aide and, without meeting the congressman, he secured the post office post that he kept for the next two decades.

Smith retired in April. He still lives in an apartment on Capitol Hill.

Michael Briggs



Associated Press

Sen. Bob Packwood (R-Ore.) confers with Rep. Dan Rostenkowski (D-Ill.) at a meeting of House and Senate negotiators trying to reconcile differences in their versions of budget legislation.

(Mount Clipping in Space Below)

Foley Leaps To Defense As Cover-up Charges Fly

WASHINGTON—House Speaker Thomas S. Foley (D-Wash.) passionately defended Rep. Dan Rostenkowski on Thursday as "an honest person" while House Democrats crushed a Republican bid to pry loose the secret "post office papers."

In a day of emotional explosions, Foley and House Minority Leader Robert H. Michel (R-Ill.) battled over whether to make public year-old transcripts of interviews with principals in the House post office scandal. Democrats won a 244-183 vote to keep a lid on the papers until the Justice Department finishes its investigation.

Foley's defense of Rostenkowski came during the speaker's daily press conference, when reporters pressed him about the case. Foley lit into Republicans for accusing him of engaging in a cover-up of the post office scandal. He took to task the New York Times for saying Rostenkowski, chairman of the House Ways and Means Committee, should step down as a member of the conference committee negotiating President Clinton's economic program.

Asked whether he still had full confidence in Rostenkowski, Foley scoffed at what he called "allegations and innuendos."



Thomas S. Foley



Robert H. Michel

"I have confidence in Mr. Rostenkowski as an honest person, that he's effectively conducting his responsibilities," Foley said.

Republicans have alleged that Foley solicited a letter from federal prosecutor J. Ramsey Johnson urging the House not to release documents from an internal investigation because it could "have a significant adverse effect on the ongoing criminal investigation."

At the peak emotional moment, Rep. Bill Thomas (R-Calif.) challenged Foley to come to the floor and deny that he had talked to Attorney General Janet Reno before Johnson sent his letter.

Foley, who says he has not talked to Reno since she took office, came to the floor, an unusual move, and repeated his denial. Chagrined, Thomas apologized to Foley, but Michel kept up the fight. Matching Foley's earlier anger, Michel raged because he had not been informed years ago of charges of corruption in the post office. "I feel I've been had," Michel said. If he had known of the first charges 13 years ago, Michel said, he would have pressed for a "far different investigation."

(Indicate page, name of newspaper, city and state.) Page 8
Chicago Sun-Times
Chicago, Illinois

Date: July 23, 1993
Edition: Late Sports Final

Title: FOLEY LEAPS TO DEFENSE
AS COVER-UP CHARGES
FLY

Character:

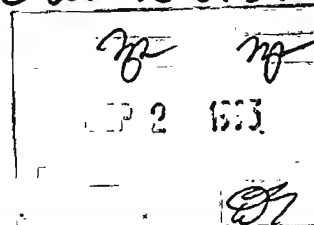
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(Mount Clipping in Space Below)

Keep Politics Apart From Rosty Probe

Politics ought not interfere with the investigation of Rep. Dan Rostenkowski (D-Ill.) And the Justice Department, under Attorney General Janet Reno, doesn't appear to be letting that happen.

Outside the Beltway, everyday Americans clearly understand why a criminal probe ought not be compromised by politics, no matter who's affected.

But that's asking a lot in Washington, where pressure from Democrats and Republicans to tamper with this lengthy investigation is building by the day.

Federal investigators have been trying to determine whether there is a pattern to Rostenkowski's use of congressional or campaign expense funds to enrich himself and members of his family. The probe has lasted more than a year, beginning with an investigation of the House Post Office.

Now, the investigation reportedly encompasses an extensive examination of Rostenkowski's car and office leases. As first reported in this newspaper late last year, Rostenkowski may have violated federal law by charging what appear to be personal and family expenses to congressional or campaign funds.

Monday's guilty plea by former House postmaster Robert V. Rota to charges that appear to link the congressman to embezzlement only added pressure. Nervous Democrats openly suggest Republican holdovers at the Justice Department have it in for Rostenkowski, chairman the House Ways and Means Committee and a key point person for President Clinton in budget deliberations. Conversely, Republicans charge House Democrats with a cover-up in their own investigation last year.

So far, Reno appears to have played things straight. As reported in this newspaper on Thursday, Rostenkowski's lawyer had tried to convince a Justice Department official that implicating the congressman now would weaken his role in negotiations over Clinton's economic plan. Prosecutors rightly decided that no one is above the law.

Meantime, U.S. Attorney J. Ramsey Johnson opposed Republican calls for the release of documents used by a House task force investigating the House Post Office operations. The findings of the task force were a sham. But release of the documents could prove harmful to the investigation, Johnson argued.

The House voted 244-183 to keep the transcripts under wraps. They apparently involve testimony from many of the same witnesses and records of many of the same transactions currently under investigation by the Justice Department.

This time, the House got it right. The politicians need to step back and allow Justice to proceed at its current pace.

(Indicate page, name of newspaper, city and state.)
Page 31
Chicago Sun-Times

Chicago, Illinois

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Edition: Late Sports Final

Title: KEEP POLITICS APART
FROM ROSTY PROBE

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Daley Rips Ex-Prosecutor for Network TV Comments

Mayor Daley on Thursday accused the former federal prosecutor who built the case against Rep. Dan Rostenkowski (D-Ill.) of a breach of ethics for comments made about the Chicago congressman on network television.

Daley said he was astounded to hear former U.S. Attorney Jay B. Stephens tell Ted Koppel on ABC's "Nightline" program that it is "simply a matter of time" before Rostenkowski is indicted and that the congressman may have embezzled "tens of thousands or hundreds of thousands of dollars."

Stephens, a candidate for the U.S. Senate in Virginia, also said the Clinton administration "bought a substantial amount of time" by replacing Stephens and other Republican appointees. He noted that the shake-up took place while Rostenkowski was "performing a critical function for the administration with regard to the budget and tax bills."

Daley, as a former state's attorney and one of Rostenkowski's closest political allies, said he was incensed by Stephens' comments. The mayor said Stephens should be stripped of his license to practice law but that the legal profession is incapable of policing itself.

"It's a violation of the canons of ethics," Daley said. "It's really improper for the former U.S. attorney, who has taken confidential information to a grand jury, to come forward and release this."

"Whatever they're going to do, that grand jury will do. But I think it's very improper that anybody would say that. You could have an investigation that went nowhere, and you could then later on get out there and start writing a book or start talking about people."

Stephens' comments were tantamount to "a religious leader talking to somebody about their problems in confidence, then going out publicly and talking about that person," Daley said.

But Stephens is unlikely to be disciplined, Daley said, because "the only license you never lose is a law license. Store owners can lose their licenses. A police officer can lose his license. But very, very few lawyers ever lose their license because you have a judge judging you who has his license."

Asked whether the legal profession polices itself, Daley said, "No, it doesn't. Everybody knows that."

(Indicate page, name of Page 8
newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

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FOR NETWORK TV COMMENTS

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House post office debate turns ugly

WASHINGTON—After an angry and emotional debate in which the speaker of the House was all but accused of manipulating a federal prosecutor, House Democrats on Thursday rejected a Republican effort to open records of the House post office investigation to public scrutiny.

The federal investigation of wrongdoing at the post office earlier this week indicated that Rep. Dan Rostenkowski (D-Ill.), the powerful chairman of the Ways and Means Committee, may have profited from a misuse of funds, possibly as much as \$100,000.

Republicans, seeing that this Democrat so crucial to President Clinton's economic program was at the center of controversy, had demanded Wednesday that records of the special House task force that conducted an inquiry into the scandal before federal prosecutors became involved be made public.

During the bitter debate Thursday, Republicans accused Democrats of a "cover-up" because they argued against public release of the information.

Democrats countered by saying that the investigation into Rostenkowski and others would be jeopardized if the documents were made public, an argument advanced by the interim U.S. attorney, J. Ramsey Johnson, in a letter to House leaders Wednesday.

And in an unprecedented breach of House comity, Speaker Thomas Foley (D-Wash.) was practically accused of manipulating the prosecutor into taking the Democrats' side. Foley faced down his accuser, Rep. William Thomas (R-Calif.), and received an apology.

Under the resolution approved 244-183, the speaker will ask Johnson to advise the House when the documents can be released; then the House will take a vote on whether to make them public. One Republican, 242 Democrats and one independent voted to keep the records closed; 11 Democrats and 172 Republicans were opposed.

That set the tenor of the debate.

The House "won't fess up to its dirty little secrets," charged Rep. Scott Klug (R-Wis.). But House Majority Whip David Bonior (D-Mich.) countered that the House should "stand here and affirm our principles of law, order, justice and decency."

Meanwhile, Rostenkowski went about his other business Thursday, holding meetings throughout the day on the economic plan.

Pausing to chat with reporters outside the committee room door where he was holding the meetings, Rostenkowski discussed the progress the committee members were making. But when he was asked how the investigation was affecting his budgetary work, he did not answer and gently pushed away a reporter's tape recorder.

"Public disclosure will thwart the ability of the prosecutor to collect information," said House Majority Leader Richard Gephardt (D-Mo.). "It would possibly impair the U.S. attorney from completing his investigation."

But Republicans insisted that public disclosure of all of the investigatory documents would do nothing more than shed light on the issue. In fact, Thomas, who was a member of the task force that looked into the post office case last year, insisted that there was nothing in them that would damage the case against anyone.

In a loud, emotional speech on the House floor, Thomas accused Foley of having a phone conversation with Atty. Gen. Janet Reno prior to receiving the letter from Johnson asking that the documents be kept secret.

That brought Gephardt to his feet, challenging Thomas' statement. Thomas shouted that Foley should be brought to the floor immediately to reply. Seconds later, Foley strode onto the floor and angrily denied he had ever had a conversation with Reno.

"That is totally and absolutely incorrect," a grim Foley said. "I am surprised that the normal courtesy that exists between members would not have been shown in this case."

(Indicate page, name of Sec. 1, Pg. 1 newspaper, city and state.)

Chicago Tribune
Chicago, Illinois

Date: July 23, 1993
Edition: Sports Final

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DEBATE TURNS UGLY

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Pointing his finger at Thomas, Foley said that not one question had been asked of him until the accusation was made on the floor. At the end of his remarks, Thomas apologized and admitted he "had no factual evidence" that the call had taken place.

Rostenkowski voted with the other Democrats to delay release of the investigatory documents. In addition to Rostenkowski, court documents indicated that former Rep. Joseph Kolter (D-Pa.) may have been among those receiving money.

A year ago, a House task force on the post office report found nothing to suggest that House members had engaged in embezzlement, although it criticized the conduct of post office employees.

In his guilty plea released Monday, former House Postmaster Robert Rota admitted he lied to House investigators. The Associated Press reported, quoting from one of the unreleased documents.

58C-WF-180673 Sub N-512

JUL 23 1993

(Mount Clipping in Space Below)

Daley criticizes attorney over Rosty flap

Chicago Mayor Richard Daley on Thursday criticized former U.S. attorney Jay B. Stephens for revealing information about the case against U.S. Rep. Dan Rostenkowski (D-Ill.) and indicating he might be indicted.

"You can't do that. Revealing information is a violation of ethics. I think it's unfair. It's not right. It's improper for any attorney to release information gathered by a grand jury," Daley said. "That's like a religious leader going out and talking about what a person has told him (in confidence)."

Daley said he hoped Congress would spend more time working on President Clinton's economic stimulus package instead of the allegations against Rostenkowski.

"There's been a lot of allegations and a lot of talk, but this has been going on for a year," Daley said. "The allegations are a serious problem, but we need an economic stimulus package."

(Indicate page, name of newspaper, city and state.)

Page All
Southtown Economist
Chicago, Illinois

Date: July 23, 1993

Edition:

Title: DALEY CRITICIZES
ATTORNEY OVER ROSTY
FLAP

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or

Classification:

Submitting Office: Chicago

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58C-WF-180673 Sub N-73

7/23	7/23
SEP 2	1993
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Don't Rush to Judgment on Rostenkowski

Rep. Dan Rostenkowski (D-Ill.) is on the ropes. Some are celebrating, including his most recently defeated congressional rivals Elias "Nonincumbent" Zenkich and former Ald. Dick Simpson. Both are calling for Rosty's resignation. Their gloating is unseemly.

Others are more careful in making judgments. Rostenkowski, who is the subject of a federal probe of the House Post Office, hasn't been accused of anything. He has made mistakes. But he's also entitled to fairness.

If Rostenkowski has shortcomings, it should be noted that Rostenkowski has also had some notable accomplishments and did a great deal of good in a political career that began in the 1950s.

As chairman of the House Ways and Means Committee, he has been an important legislator. Rostenkowski wrote the tax reform act of 1986, the bipartisan Social Security Act of 1983, and the Trade Expansion Act of 1988 that created jobs and economic growth. He's President Clinton's top congressional ally.

For all of his power and influence in the nation's Capitol, Rostenkowski never caught Potomac fever. Since his election to Congress in 1958, he has never owned a house in Washington, D.C., and has seldom spent a weekend inside the Beltway. It's no accident that his favorite Washington, D.C., restaurant is Morton's of Chicago.

Other legislators don't always remember where they came from. Some friends of mine dropped by their U.S. senator's office and were told that the senator was an international figure and couldn't be bothered with constituents. Rostenkowski will ask Chicago visitors how long they're in town and insists that they join him for dinner, whether he's dining with the chairman of General Motors, a network anchorman, or pals from the Northwest Side.

His neighborhood roots are deep. Rostenkowski lives in the house that his grandfather built and where he grew up. He wears a four-leaf clover around his neck with the names of his wife, their daughters and their birthdays. My most enduring image of Rostenkowski was when I interviewed him in the middle 1980s as he was headed for a hospital to find out whether he could give one of his kidneys to one of his daughters.

In his neighborhood, Rostenkowski is the largest contributor to the restoration of the historic St. Stanislaus Kostka Church. He also sponsors a football team and a polka band. Rostenkowski gives generously to Maryville Academy, the state's largest home for troubled kids.

He could have pocketed \$1 million in campaign funds if he had retired last year. But he stayed on and won a tough race for re-election.

Loyalty matters to Rostenkowski. He was once reprimanded by a judge for paying a constituent's parking ticket with his political fund. More recently, he has paid the legal expenses of two aides with his campaign fund.

(Indicate page, name of newspaper, city and state.) Page 33
Chicago Sun-Times
Chicago, Illinois

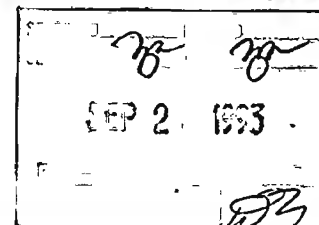
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Title: DON'T RUSH TO JUDGEMENT
ON ROSTENKOWSKI

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When friends have setbacks, he is among the first to call. After former Mayor Michael Bilandic's 1979 defeat, Rosty engineered mayoral chief of staff Tom Donovan's selection as president of the Chicago Board of Trade. When Mayor Jane Byrne was defeated in 1983, Rostenkowski found business for her aide Bill Griffin. Rosty made Loop lawyer Bill Daley's career after his brother Rich Daley finished third in the 1983 mayoral primary. When a newspaper colleague got bumped from the congressional beat, Rostenkowski was the first person to offer him a job. Some people would call him a stand-up guy.



Dan Rostenkowski

58C-WF-180673 Sub N-75

78	78
SEP 2	1993
	83



THE WALL STREET JOURNAL.

Modern Times

Rostenkowski's Woes Spotlight the Decline Of House's Old School

Staunch Defender of Perks And Patronage Is Focus Of Post Office Scandal One of the Last of His Kind

By DAVID ROGERS
And JEFFREY H. BIRNBAUM

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON—In the summer of 1983, Dan Rostenkowski was in all his glory. Lobbyists and corporate chieftains happily anted up \$25,000 each to underwrite a lavish bicentennial celebration of his House Ways and Means Committee. There were gold souvenir cuff links and a glitzy documentary movie, starring the chairman, of course.

Four years later, federal prosecutors paint a different picture of the period.

Instead of the expansive tax-writer, Rep. Rostenkowski is portrayed as a chiseling patronage chief who allegedly pressured House employees to carry out a series of cash-for-stamps transactions valued at thousands of dollars a year. Though never identified by name, court documents filed this week in Washington are a road map pointing to the chairman as an anonymous "Congressman A," who allegedly swapped a postal voucher for \$2,000 in cash just weeks before the Ways and Means bash.

Denies Wrongdoing

The allegations have yet to be proved, and Mr. Rostenkowski has denied any wrongdoing. Still, they pose a cruel riddle. Why would one of the most powerful men of the House, with legal access to more than a million dollars in campaign funds and special-interest money, risk his career by exchanging postage stamps for relatively small amounts of cash?

Part of the answer surely lies in the entrenched culture of the House. A master of the legislative deal, Mr. Rostenkowski has also lorded over another side of Congress—a world of cloakroom politics and patronage operatives who once ran the Capitol's daily operations and were a source of power through jobs and favors.

"He is part of the old school that believed in patronage, that believed in staff, that believed in the institution," says Ed Jenkins, a friend and former Georgia congressman and member of the Ways and Means panel. "That has good aspects and bad aspects."

Chairman Rostenkowski is also someone who has staunchly defended the perks of office, which, along with the old patronage system, were readily accepted by the old school but have been attacked by reformers and recently diluted. The tab for his steak dinners at Morton's of Chicago—with its own Rostenkowski wine bin—was often picked up by lobbyists. He maintained his own personal political-action committee and regularly kept the maximum permitted in honorariums. At the time he allegedly was plotting with former House Postmaster Robert Rota, the Chicago Democrat was well on his way toward amassing a \$1 million campaign treasury, which he could have kept had he retired from Congress at the end of last term.

Yet, during the period of most of the alleged cash-for-stamps transactions, lawmakers, including Mr. Rostenkowski, also chafed under caps on their pay and outside income. According to court documents filed as part of Mr. Rota's plea bargain, even while enjoying the lofty symbols of his power, Mr. Rostenkowski may have been engaging in a decadelong scheme to embezzle from the House post office. Mr. Rota, 66 years old, a onetime Rostenkowski ally who pleaded guilty to misdemeanor embezzlement charges Monday, is said to have agreed to provide the chairman with cash for stamps only after pressure from the congressman, who also had pushed to install a patronage worker who allegedly handled the transactions.

"Mr. Rota explained to [the new supervisor] that they would give cash to Congressman A... because Congressman A took care of them and they should take care of Congressman A in return," according to the prosecutors' summary of the case. More than anyone on Capitol Hill, Mr. Rostenkowski, a protégé of the late Mayor Richard Daley of Chicago, would appreciate the simple axiom of patronage set out in the Rota plea.



Dan Rostenkowski

Yet none of the evidence made public by prosecutors so far shows that Mr. Rostenkowski benefited personally from the alleged cash transactions—which could have served only to generate money for other office expenses—a point that could be crucial in determining the seriousness of the case against him. In years past, some members adopted the practice of cashing-out stamp purchases, although it was disallowed in the late-1970s.

Moreover, a comparison of House records with the postage vouchers listed in the Rota charges shows that Mr. Rostenkowski's office continued to report large stamp purchases during a period when the alleged conspiracy was discontinued by the postmaster. This suggests that he may have been purchasing large quantities of stamps all along, rather than turning stamp vouchers into cash.

Mr. Rota, who currently is facing a maximum three years in prison and \$300,000 in fines, claims in court documents that there was a two-year hiatus in the plot from mid-1987 to the summer of 1989 when the post office's longtime supervisor of accounts was replaced by an employee whom the postmaster didn't trust. House records confirm there was a change of personnel during the period, but Mr. Rostenkowski's office continued to report stamp purchases, albeit at a sometimes slower pace.

For example in 1985 and 1986, when the alleged cash-for-stamps transactions were taking place, Mr. Rostenkowski's office reported total stamp purchases averaging \$4,100 a year. In 1987, the volume dropped off to about \$3,000—including a single large purchase before the change of supervisors. But in 1988, when Mr. Rota is said to have cut off all cash-for-stamps transactions, Mr. Rostenkowski's office reported stamp purchases totaling \$4,900.

Bracing the House

It is uncertain whether the inquiry will touch other lawmakers; besides Rep. Rostenkowski, Mr. Rota also implicated former Pennsylvania Rep. Joe Kolter. The Democrat has denied wrongdoing.

According to prosecutors, Mr. Rota on some occasions provided large numbers of stamps to members of Congress and later exchanged the stamps for cash, and at other times allegedly simply gave cash directly in exchange for standard office vouchers—available to all members—falsely made out for postage.

The allegations may be difficult to prove. Still, for the chairman—and for the House he has served for more than 30 years—the immediate fallout can only be bad. After going as far as it did in the court filings, the prosecution team could find it difficult to back away from bringing charges. The post office allegations are part of a wider government investigation focusing on Mr. Rostenkowski's personal finances and campaign and office expenditures in Chicago as well.

Mr. Rostenkowski's camp is preparing for the worst. Any indictment, however small, would force him to surrender his chairmanship to his old irritant and the ranking Democrat, Florida Rep. Sam Gibbons. For the White House, the charges come at the worst possible time: President Clinton is depending on the chairman to champion his economic package and sweeping health-care overhaul.

The timing of the Rota plea also bedevils congressional Democrats, who have made wholesale changes in the administration of the House, dismantled the scandal-ridden House bank and professionalized the operations of the post office, but can't seem to break through the public's perception of relentless scandal.

"The last reported incident . . . is April 1991," says Speaker Thomas Foley. "All of that has changed."

A judge's son, Mr. Foley has a model, academic image that is the very

opposite of Mr. Rostenkowski's street-tough swagger, but there is a palpable sadness about both men and about the House, as well. When Speaker James Wright fell amid an ethics scandal in 1989, he was hurt by the mood of animosity among rank-and-file members. Mr. Rostenkowski's arrogance has earned him enemies as well. But in Washington, a city that longs for leadership, his big-listed style is viewed among colleagues as a healthy supplement to the more refined Mr. Foley and his younger majority leader, Richard Gephardt.

"Innuendo and supposition are replacing even accusation," Mr. Foley said yesterday, rebuking those who have called for Mr. Rostenkowski to step aside from his chairmanship even before an indictment. And as the tax-writer closeted himself with budget negotiators, the House floor broke into partisan fighting over when to release still-secret testimony from a task-force investigation of the post office. Finally, on a 244-183 vote, the chamber pledged to publicize the material but delayed its release until prosecutors, who fear it will hurt their inquiry, lift their objections.

Test of Strength

The case, which has been proceeding for 16 months, was first a battle of wills between congressional Democrats and a Republican prosecutor, Jay Stephens. But with Mr. Stephens gone — he is seeking the GOP Senate nomination in Virginia — and the Clinton administration in command of the Justice Department, the case is now a different test of strength. It matches Mr. Rostenkowski against old patronage allies and a reform mentality he has resisted as demeaning.

After three decades in Congress, the 65-year-old Mr. Rostenkowski is one of the last of a generation of Northern urban Democrats who once dominated the House with their rural Southern counterparts. The late Hale Boggs, a Louisiana majority leader, was his early patron.

Matched against his strongman image is a growing isolation that has come with age and changes in the House itself. As a product of Chicago ward politics (Mr. Rostenkowski's father was a prominent Democratic politician), Mr. Rostenkowski has his own ethics code and was never part of the reform movement of the mid-1970s.

What drives Mr. Rostenkowski most is a desire for control. He is faulted now for renting office space in a building owned by his sister, yet this fits the tradition of a man who still lives in the townhouse he inherited from his father. Patronage is part of the same pattern. Long after giving up any hope of becoming House speaker, the chairman remained a force in the cloakroom world of House officers who commanded duchies of their own in the Capitol and prospered by smoothing the lives of members by overseeing check-cashing and other personal services.

Elected each Congress by the Democratic caucus and then the full House, these officers are politicians with their own turf. But with the advent of a new professional postmaster and a former Army general as the House's professional administrator, the lines of authority, and

patronage atmosphere have been radically altered in the past year. Still, Republicans complain that changes haven't come fast enough. "The Democratic patronage system is still in place," complains Rep. Pat Roberts of Kansas, who last year served on a task force that investigated improprieties at the post office.

The most painful aspect of any eventual case against him would be the testimony of the very people whose careers Rep. Rostenkowski helped preserve and protect,

including Mr. Rota and James C. Smith. Mr. Smith supervised the cash distribution at the post office and his office contained "cash and stamps everywhere," according to Daniel Swillinger, a lawyer who worked on an earlier House inquiry into the matter. When the bipartisan task force conducted its own investigation last year of financial irregularities after large amounts of missing cash had been detected in a spot audit, both men denied providing cash to lawmakers. Now Mr. Rota has agreed to cooperate with the grand jury in return for leniency, while Mr. Smith has been granted immunity from prosecution.

For Mr. Rostenkowski, the investigation has forced changes. Witness the House Democrats' annual retreat earlier this year. The old Dan Rostenkowski — the proud powerbroker — never attended the annual function of mere rank-and-file members. This year he not only attended the event at Baltimore's Johns Hopkins University, but he tried hard to be liked. He wore casual attire and mingled. At the close of the evening, he joined a conga line, which concluded when he stood on a chair in the middle of the dance floor and waved his arms in rhythm with the music.

While he still takes the 5 a.m. flight out of O'Hare on Tuesday morning and works long days, the probe has sapped some of his energy. During a recent session with a lobbyist of long acquaintance, he dozed off twice. One night he turned to a former colleague and confessed in an anguished tone, "They've subpoenaed my children." A few weeks ago, all four of his daughters appeared before the grand jury. "That just killed him," says former Rep. Tom Downey, a New Yorker who once served on the Ways and Means panel.

Recently, he attended a series of small fund-raising dinners thrown by former staffers and a broad circle of lobbyist friends. He talks about the presidency, the tax bill, Congress, not about his travails. But most of the people who contributed \$5,000 to attend know that the money may go not to his re-election drive — there is speculation that he won't run again — but to help pay for his legal defense. His legal fees are well into six figures.

Even while mired in the post office probe, the chairman's admirers stress that he is still one of the most effective legislators. President Clinton went out of his way to praise the chairman this week, mindful of his potentially crucial role in the budget and health-care debates.

"He has extraordinary accomplishments that are historic and enduring and that can't be taken away from him," says former Democratic Rep. Downey.

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7/23/93

CHICAGO TRIBUNE

PLATE BOOK

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(Mount Clipp)

Chicago Tribune

Clout got Rostenkowski's kids CBOT job

By William B. Crawford Jr.
TRIBUNE STAFF WRITER

Two daughters of Rep. Dan Rostenkowski have collected about \$200,000 in wages and bonuses from the Chicago Board of Trade since the early 1980s, according to payroll records and exchange officials. How much work they did for that money is a matter of dispute.

During much of this period, the daughters also were employed as airline flight attendants and insiders at the Board of Trade allege that they seldom reported for work at the futures exchange. The Washington grand jury con-

ducting an investigation into their father's dealings has questioned both women about their jobs at the CBOT, sources in the capital said.

The two daughters, who have been carried on the CBOT's employment roster as Dawn and Stacy Rosten, were hired by exchange President Thomas R. Donovan. Sources at the exchange said he did so at the request of Rostenkowski, who was responsible for getting Donovan his first job at the CBOT, as exchange secretary, in 1979.

Donovan, the former patronage chief for the late Mayor Richard J. Daley, said he hired the women without intervention from their father and denied that they ever were paid for not working. Dawn declined to comment, and Stacy could not be reached for comment.

Further, Donovan noted, he regularly hires sons, daughters, brothers, cousins and other relatives of powerful and not-so-powerful political figures at the city, state and federal levels, as part-time summer help or as full-time staff. He said the hires include relatives of former Chicago aldermen Thomas Keane and Edward R. Vrdolyak; current aldermen

'It's not at all uncommon for me to hire relatives, children of alderman or other elected officials.'

Thomas R. Donovan, Chicago Board of Trade

Bernie Stone and Richard Mell; former U.S. Rep. Martin Russo (D-Ill.); former Cook County Commissioner Matt Bieschat; and Cook County Assessor Thomas Hynes.

"It's not at all uncommon for me to hire relatives, children of alderman or other elected officials," said Donovan. "Usually they are children, looking for part-time summer work to help with college."

Stacy, 32, and Dawn, 41, testified before the Washington grand jury under grants of immunity, in separate appearances, that they worked diligently at the exchange. With immunity, witnesses can be prosecuted only for perjury, if they give false testimony. A third daughter, Gayle, 31, also testified.

Rostenkowski, 65, chairman of the House Ways and Means Committee, continues to be dogged by a 16-month federal investigation that apparently has grown well beyond the congressman's alleged dealings with the House post office.

Sources in Washington said Friday that investigators had shifted focus from Rostenkowski's alleged swap of a postal voucher for \$2,000 to his use of a Northwest Side congressional office and his influence at the CBOT.

Reached for comment, a spokesman for Rostenkowski said, "It is the congressman's understanding that one of the daughters has not worked at the Board of Trade for some time."

House Aide's Story: Cash for 'Friend' Mosby

By Michael Briggs

Sun-Times Washington 6-11

© 1993, Chicago Sun-Times

WASHINGTON—James M. Easton, 42, was at his desk in his messy basement office in the Capitol one summer day when he saw a man in a dark suit and tie enter his boss' the House postmaster's office. Easton closed the door and pulled out a small card from his jacket pocket. The card was a small, rectangular piece of paper with some paper work signed "J. M. Easton".

Franklin, D. 1992.

The defense attorneys argued that the contract was for a specific quantity of goods, and that the defendant had not breached the contract. The court, however, found in favor of the plaintiff, ruling that the contract was for a specific quantity of goods, and that the defendant had breached the contract by failing to deliver the goods. The court awarded the plaintiff \$2,000 in damages, and the defendant was ordered to pay the costs of the lawsuit.

"For we could," Lamb asked him.
 "Look," Lamb replied, "he (P.) takes
 '89) in the '90s. I take care of the '90s."

"Leave me And this will be
a day for him."

Forty-six years later, Soud recalled the moment "I was in doubt taken aback when I saw his [Kustukov's] name on the envelope. I couldn't believe it was him."

A Georgia native who worked his way up the Capitol Hill patronage ladder, he ended his job at the post office to become a U. S. mail carrier. Smith retired from the

office just this spring. Earlier this year, he was called to testify, under a grant of immunity, before the federal grand jury investigating post office embezzlement.

According to federal prosecutors, Rotg helped a number of House members embezzle cash totaling tens of thousands of dollars in taxpayer money from the House post office. Rotg has admitted giving members cash in exchange for

Turn to Page 8

Chicago Sun-Times

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FRIDAY, 24 (25) 1948

Late Snorts Fin

(Indicate page, name of newspaper, city and state.)

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House Aide's Story: Cash For 'Friend'

Continued From Page 1

vouchers or for postage stamps obtained with vouchers.

The charges against Rota list 12 separate instances in which "Congressman A"—whom sources have identified as Rostenkowski—exchanged stamps or vouchers for cash from 1985 to 1987 and from 1989 to 1991.

Smith had worked at the post office since 1960 and was promoted in the spring of 1989 to office supervisor of accounts. Rostenkowski had a hand in the promotion.

Smith's predecessor in the job of controlling the cash in the post office had been Paul Tomme, an attorney who now lives in Texas. Rota admitted this week when he pleaded guilty to embezzlement of post office funds that he did not trust Tomme. The cash arrangement had been interrupted during Tomme's brief tenure, court records indicate.

When Tomme moved on, Rostenkowski made a strong push for Smith to get the job, according to Smith and the legal papers in Rota's court case. The way Assistant U.S. Attorney Thomas J. Motley put it, Smith got the job "with the personal intervention and insistence" of "Congressman A."

Smith felt a sense of loyalty to Rostenkowski that he said played into his thinking on that first occasion when he said Rota approached him for cash for the Chicago congressman. "He was my man, my sponsor. Rota was my boss here. I had my patron and boss saying to do this. Rostenkowski is a hard man to turn down. Even his colleagues are afraid of him. [Former] Congress- [Thomas J.] Downey has re-

ferred to him as a 500-pound gorilla."

So, as Smith put it, "I did what I thought I had to do."

Smith said that, so far as he knows, the money he provided for Rostenkowski was given directly to the congressman. "I never handed Rostenkowski any money directly," Smith said. "It was all done through Rota."

Smith says he was brought under Rostenkowski's wing by the congressman's longtime Capitol Hill office manager, Virginia C. Fletcher. Rota warned him during that first meeting in the basement of the Longworth House Office Building not to talk with Fletcher about the cash for Rostenkowski. Smith said Rota added, "You know, he [Rostenkowski] is very touchy about his private business."

Fletcher also has been subpoenaed under an immunity grant to testify to the grand jury investigating Rostenkowski, but Smith said, "Virginia is totally innocent."

Smith said Rostenkowski was the chief beneficiary of the arrangement but Rota provided cash for other congressmen.

Former Rep. Joseph Kolter (D-Pa.) has been mentioned in court documents. His congressional expense records were subpoenaed along with Rostenkowski's in May 1992. But from what Smith said he witnessed, "Kolter was much less involved in this."

Rostenkowski has not been charged with any crime in the post office case. The jury investigation is continuing, also focusing on Rostenkowski's personal and campaign finances.

Attorneys for Rostenkowski and Rota did not return calls.

Smith said he goes back forth in his feelings toward Rostenkowski. "I feel sorry for him. It's a terrible thing to fall from such a high place," he said.

"It's not like this is an evil we're dealing with here," Smith



Robert V. Rota

said. "He gives thousands of dollars to charities. He's a good congressman."

Smith has been under pressure himself during the investigation, especially after newspapers identi-

fied him as a witness cooperating with prosecutors.

"I was sorry about the whole thing. It is very painful for everybody," said Smith. "I wish it hadn't happened."

As
Packwood (R-Ore.) confers with Rep. Dan Rostenkowski (D-Ill.) at a meeting of House and Senate negotiators to reconcile differences in their versions of budget legislation.

JAMES C. SMITH

James C. Smith was raised in Atlanta and went north to Washington to go to college. He landed his first job on Capitol Hill in 1959, working for then-Rep. James C. Davis (D-Ga.).

Smith's first job with the House post office in 1960 was as a mail carrier to offices in the Cannon House Office Building. Under the patronage system on Capitol Hill, he was kept on by a series of sponsors as the representatives he worked for came and went.

When House Speaker John W. McCormack (D-Mass.) retired in 1970—the same year federal prosecutors in Washington pursued allegations of influence peddling in the speaker's office—Smith heard about a patronage opening in the office of Rep. Dan Rostenkowski (D-Ill.). He apparently impressed Rostenkowski's top aide and, without meeting the congressman, he secured the post office post that he kept for the next two decades.

Smith retired in April. He still lives in an apartment on Capitol Hill.

Michael

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Date: 7/24/93

Edition: WASHINGTON TIMES

Title: PLATE BLOCK
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Character: 58C - WFA - 180673

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Submitting Office:

Rostenkowski received cash, ex-House postal worker says

FROM COMBINED DISPATCHES

CHICAGO — A retired House post office employee says he was given a \$2,000 expense account voucher for postage stamps in the summer of 1989, which was turned in for cash for Rep. Dan Rostenkowski by the House postmaster, the Chicago Sun-Times reported yesterday.

James C. Smith, who retired this spring from the post office, where he was promoted to office supervisor of accounts in the spring of 1989, said he questioned House Postmaster Robert V. Rota at the time about giving cash and not stamps for the voucher.

In a copyrighted report, the Sun-Times said that Mr. Rota replied: "Look, he [Rostenkowski] is our friend. He takes care of you. He takes care of me. And this is the way he wants us to do it for him."

Mr. Rostenkowski, Illinois Democrat, has not been charged with any crime in the post office case and has denied any wrongdoing. He is chairman of the House Ways and Means Committee and a principal in negotiations over President Clinton's five-year, \$500 billion budget plan.

Mr. Rota pleaded guilty Monday to three misdemeanor charges in a scheme to funnel cash to members of Congress. In the documents released as part of his plea bargain, Mr. Rota spelled out how he ar-

ranged for two members of Congress to embezzle thousands of dollars in taxpayer money.

The congressmen were not named, but the court papers contain detailed records of transactions that match certain entries in public records submitted by Mr. Rostenkowski for his own transactions between 1985 and 1991. The other congressman implicated appeared to be former Rep. Joe Kolter, Pennsylvania Democrat.

The cash arrangement reportedly was interrupted when Paul Tbmme, Mr. Smith's predecessor in the job of controlling the cash, had the job. After Mr. Tbmme, a lawyer who now lives in Texas, moved on, Mr. Rostenkowski made a strong push for Mr. Smith to get the job, according to Mr. Smith and legal papers in Mr. Rota's court case.

Mr. Smith, a Georgia native, was called to testify earlier this year under a grant of immunity before the federal grand jury investigating post office embezzlement; the newspaper reported.

Mr. Smith told the Sun-Times that as far as he knows the money he provided for Mr. Rostenkowski was given directly to the congressman. "I never handed Rostenkowski any money directly," he said. "It was all done through Rota."

He said Mr. Rostenkowski was the chief beneficiary of the cash-for-

voucher arrangement but that Mr. Rota provided cash for other congressmen.

Prosecutors said Mr. Rota and the congressmen defrauded taxpayers of \$30,600 since 1985. The scheme began shortly after Mr. Rota became postmaster in 1972 and continued through a 1979 cover-up and the use of patronage appointments.

Under House Democratic Caucus rules, should Mr. Rostenkowski be indicted for a felony, he would be forced to step down as chairman of the Ways and Means Committee.

Mr. Rostenkowski, Mr. Kolter and another congressman — Rep. Austin Murphy, Pennsylvania Democrat — had been served subpoenas in connection with the federal probe. They have denied any wrongdoing and have invoked their Fifth Amendment rights against testifying before the federal grand jury.

U.S. Attorney J. Ramsey Johnson told reporters that Mr. Rota's decision to plead guilty and to cooperate "is a significant step forward" in the federal criminal probe.

So far, seven former House post office employees and a former Capitol Hill administrative assistant have been convicted on a variety of federal charges ranging from drug dealing to embezzlement to obstruction of justice. Former chiefs of staff for Mr. Kolter and Mr. Rota already have been convicted.

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THE WASHINGTON POST

... SATURDAY, JULY 24, 1993 A5

Many Files Are Said to Be Missing in Probe of House Post Office

By Eric Pianin
Washington Post Staff Writer

A federal prosecutor has informed House officials that there are numerous files missing from the House Post Office records that were provided to a grand jury investigating allegations of embezzlement and other wrongdoing.

Interim U.S. Attorney J. Ramsey Johnson, who notified House Administration Committee Chairman Charlie Rose (D-N.C.) of the problem in a letter dated Tuesday, said that "broad categories of files are unaccounted for," including some of the correspondence files of former House postmaster Robert V. Rota.

Rota pleaded guilty this week to misdemeanor charges. Court papers filed in the case showed that he helped two lawmakers embezzle tens of thousands of dollars. Al-

though the two members were identified only as "Congressman A" and "Congressman B," court documents and House records point to Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) and former representative Joe P. Kolter (D-Pa.).

A retired House post-office employee, James C. Smith, said he was given a \$2,000 expense account voucher for postage stamps in the summer of 1989 that Rota turned in for cash for Rostenkowski, the Chicago Sun-Times reported yesterday.

Smith, who retired last spring and who testified before the grand jury under a grant of immunity from prosecution, told the Sun-Times that he questioned Rota at the time about giving cash and not stamps for the voucher.

According to the newspaper account, Rota replied: "Look, he [Rostenkowski] is our

friend. He takes care of you. He takes care of me. And this is the way he wants us to do it for him."

Smith told the newspaper: "I never handed Rostenkowski any money directly" and that "It was all done through Rota."

Johnson's letter was received yesterday, a day after the House voted 244 to 183 to honor another of the prosecutor's requests to put off consideration of making public the documents and transcripts from a 1992 internal House task force review of the Post Office because opening the files might adversely affect the grand jury investigation.

House Republicans demanded the release of those documents, saying it was necessary to remove a "cloud" of suspicion over other House members. However, the Democrats disagreed and accused the Republicans of attempting to play politics with the case.

Last Aug. 7, Rose transmitted a copy of the task force report to the U.S. attorney's office and invited the prosecutors to inspect all task force records. After a review of those files, the prosecutors obtained copies of various categories of documents. Last fall, the prosecutors requested copies of all the remaining documents held by the task force, and they received the bulk of those in mid-November.

In early March, the U.S. attorney asked then-House Counsel Steve Ross for access to all documents remaining in the House Post Office that had never been collected by the task force. After repeated requests to Ross for access to those remaining files, the prosecutors gained access to them in May.

"Following that review, we concluded that many House Post Office files are unaccounted for," Johnson said in the letter to

Rose. "That is, there are broad categories of files (such as Mr. Rota's correspondence files from later years) that were not included in either the task force materials or the existing House Post Office files."

Ross said yesterday that Johnson's office had not asked him for access to Rota's correspondence, and he said he was puzzled by the letter. "I don't know how to respond because I don't know what documents they say are not accounted for," said Ross, who left the House in May for private practice.

Rose said in an interview that Democratic and Republican-employed investigators jointly reviewed boxes of materials at the post office as part of last year's internal investigation but took only those materials that seemed relevant to the probe.

Staff writer Michael York contributed to this report.

58C-WF-180673 N-79

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Rosty Feels He's Worth More Than He's Paid

WASHINGTON—For a long time, Rep. Dan Rostenkowski (D-Ill.) has thought he was worth more than he makes. And he has not been shy about saying so.

The veteran Chicago congressman made no bones about how underpaid he thought was when he introduced a bill in 1988 that would have let members of Congress sign up for salaries on a sliding scale.

He was worth every penny of the \$135,000-a-year he would have made at top end of the pay scale, he said. Incoming congressmen or others who thought less of themselves and their legislative skills could have started at the bottom of the pay range, which Rostenkowski would have set at \$89,500.

"I would personally sign in at the highest end of the scale," Rostenkowski said in a speech to colleagues, who often cower at voting for far more modest pay raises for themselves.

Veterans are worth more than rookie congressmen to their constituents, argued Rostenkowski, who was first sent to Washington in 1958 by Chicago voters who have been loyal to him ever since.

The Rostenkowski pay plan never was paid any serious attention.

The Washington Post was blunt in an editorial: "The idea is preposterous," it said at the time.

Rostenkowski once admitted that, after he made the proposal, his mail was "running a little hostile."

But he defended the idea as a more honest and less hypocritical way for members to remunerate themselves.

"In being shy about declaring our worth in an honest way, all we do is demean our office and reinforce the public misimpressions about public service," Rostenkowski said.

Although he said he had no illusions that the plan would ever pass, he explained he was "attracted to it because it represents a giant step toward the honesty and pride so sorely missing from the way we do things now. Let's be honest with the American people and with ourselves."

While Rostenkowski's pay plan never passed, there have been raises since then. The base salary of a member of Congress now is \$133,644.

(Indicate page, name of newspaper, city and state.)
Page 25
Chicago Sun-Times
Chicago, Illinois

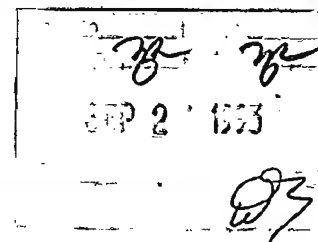
Date: July 25, 1993
Edition: Late Sports Final

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MORE THAN HE'S PAID

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58C-WF-180673 Sub N-80



(Mount Clipping in Space Below)

Spending For Cars, Rents Also Targeted

Federal investigators are questioning transactions involving more than \$600,000 in taxpayer money or campaign funds that may have been used to improperly benefit Rep. Dan Rostenkowski (D-Ill.) or his family.

A Chicago Sun-Times compilation of the leads that federal prosecutors are known to be pursuing against Rostenkowski shows much more is at issue than the \$21,300 in cash he is alleged to have received illegally from House Postmaster Robert V. Rota.

No charges have been filed against Rostenkowski. Even if he eventually is charged, it is unlikely the total dollar amount involved in any accusations against him would total \$600,000—either because investigators find no evidence of a crime or determine that the transactions are too old.

But the figure helps answer a question that's been asked a lot since prosecutors revealed some of the details of the alleged scheme between Rostenkowski and Rota when the former postmaster pleaded guilty last week:

Why would a guy like Dan Rostenkowski—one of the most powerful men in Congress—risk so much for so little money?

These are some of the known areas of investigation involving the veteran Northwest Side congressman:

STAMPS—\$76,843

Rostenkowski has reported obtaining \$76,843 worth of stamps from the House post office since 1978—\$51,843 with his government expense allowance and another \$25,000 with campaign funds.

In court documents filed last week, prosecutors allege that, for at least that long, Rota had been allowing Rostenkowski and other congressmen to embezzle cash through transactions disguised as stamp purchases.

So far, the government has itemized just 12 allegedly illicit transactions totaling \$21,300 involving Rota and an unnamed Congressman A, whom sources have identified as Rostenkowski. But court records indicate Rota has provided additional information about other incidents involving Rostenkowski.

Prosecutors contend Rostenkowski and other congressmen improperly cashed in at the post office in three different ways:

- Receiving money for official congressional vouchers, which falsely stated the congressmen had received stamps.
- Exchanging actual stamps, previously obtained with official vouchers, for cash.
- Cashing checks drawn on political fund accounts, which also were recorded to look like stamp purchases.

During the 15-year period highlighted in the government's case against Rota, Rostenkowski reported using taxpayer funds to make 41 large stamp purchases of \$500 or more. The largest single purchase was for \$3,000.

Such large stamp purchases are unusual, because congressmen are allowed to send nearly all of their official mail free and have little need for stamps.

All of Rostenkowski's \$25,000 in campaign fund spending for House post office stamps came between 1988 and 1990. His political funds reported spending an additional \$7,000 on stamps in Washington during that time, but his campaign disclosures do not specify that they were purchased at the House post office. These totals also do not include amounts that Rostenkowski's political funds paid for postage in Chicago.

(Indicate page, name of Page 1
newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

Date: July 25, 1993
Edition: Late Sports Final

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ALSO TARGETED

Character:
or
Classification:
Submitting Office: Chicago

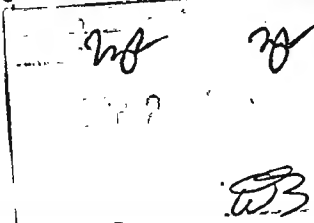
Indexing:

Curiously, Rostenkowski's second-largest annual total for stamp buying was \$10,500 in 1988, during a period in which prosecutors have alleged that he and Rota were forced to put their scheme on hold. According to the government, Rota discontinued the cash-for-stamps deals from mid-1987 to mid-1989 after an accomplice, the post office's supervisor of accounts, was replaced by an employee Rota didn't trust.

In addition to the 12 illegal transactions itemized in the case against Rota, however, prosecutors allege the former postmaster "twice delivered two other large sums of cash to Congressman A" in the summer of 1989 in exchange for stamps.

This raises a question of whether Rostenkowski stockpiled stamps during the two-year hiatus and converted them to cash later, when Rota promoted a patronage employee of Rostenkowski to the supervisor of accounts position.

58C-WF-180673 Sub N-81



CARS—\$141,440

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This line of inquiry followed a Jan. 24 report in the Sun-Times that Rostenkowski improperly had used his congressional expense allowance to obtain personal ownership of two passenger vans and a station wagon.

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Also under scrutiny are \$68,440 in payments to Wil-Shore between 1975 and 1988 by Rostenkowski's political campaign committee, Rostenkowski for Congress.

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In addition to probing his acquisition of the government-leased vehicles, the grand jury is trying to determine if taxpayer or campaign funds were used to pay for any of the Rostenkowski family's other cars, sources have told the Sun-Times.

Rostenkowski billed taxpayers \$1,050 a month for his "mobile offices," which he leased for two years each. They were, in succession, a customized 1987 Ford Econoline van, 1989 Ford Aerostar minivan and 1991 Ford Taurus wagon.

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The Sun-Times also has reported Rostenkowski's campaign committee paid more than \$24,822 for auto insurance since 1989, even though records showed it neither owned nor was leasing any cars. It is not known, however, whether investigators are pursuing this angle.

CAMPAIGN OFFICE \$73,000

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The ground-floor storefront space at 1347-49 N. Noble, which has no exterior sign, contains a storage area with campaign memorabilia and what Rostenkowski calls a reception room.

Following the Sun-Times' report, Rostenkowski led some reporters on a tour of the location and showed them a personal office that actually is located in his home at 1372 W. Evergreen,

through a passage from the Noble Street building.

An aspect of the office lease that has caught investigators' attention is the fact that Rostenkowski obscured his interest in the rental payments on public disclosure documents. His campaign reports listed the campaign rent as being paid to the "Noble Building Account," while his personal

economic disclosure statements reported only that he was receiving income from unspecified sources for rental property at "Evergreen & Noble streets."

Rostenkowski has maintained it is a normal office and the payments were properly disclosed to the public.

CONGRESSIONAL AND WARD OFFICES— \$329,350-plus

A pair of adjoining storefront buildings at 2148-2150 N. Damen have been a cash cow for Rostenkowski's family for decades, thanks largely to taxpayers.

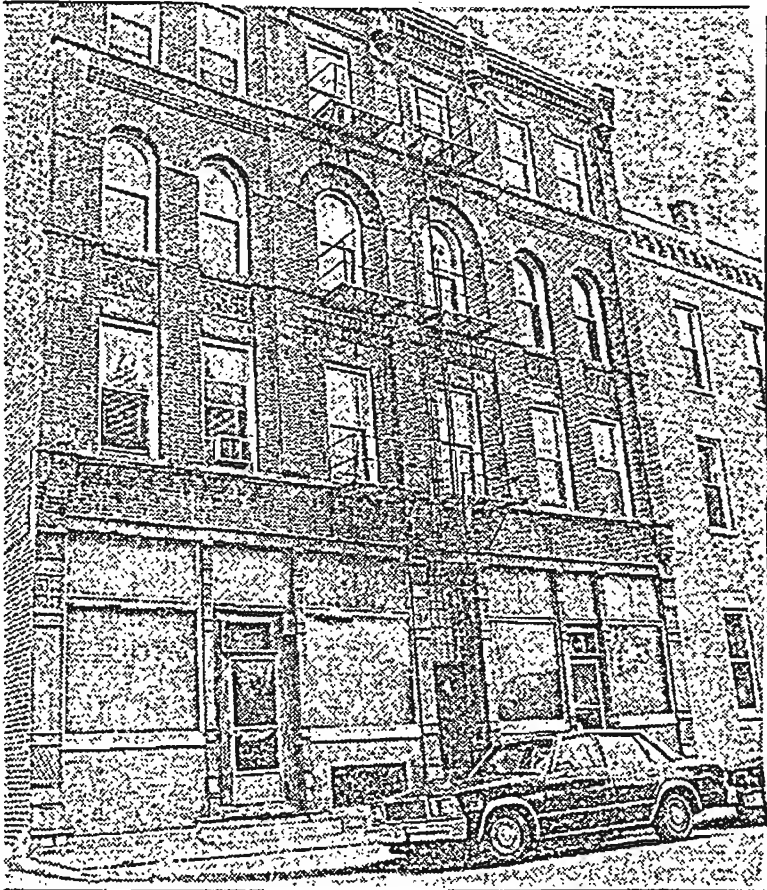
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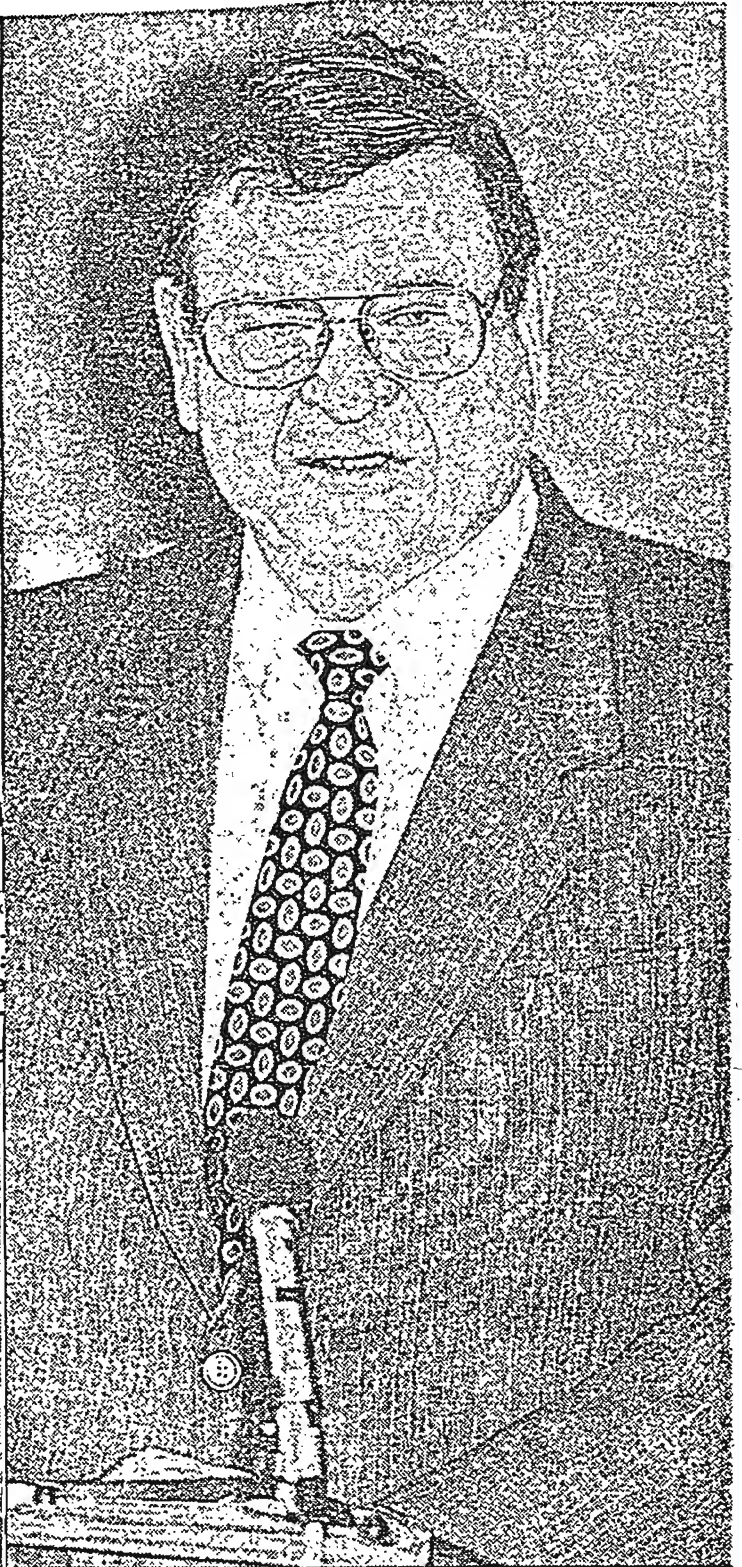
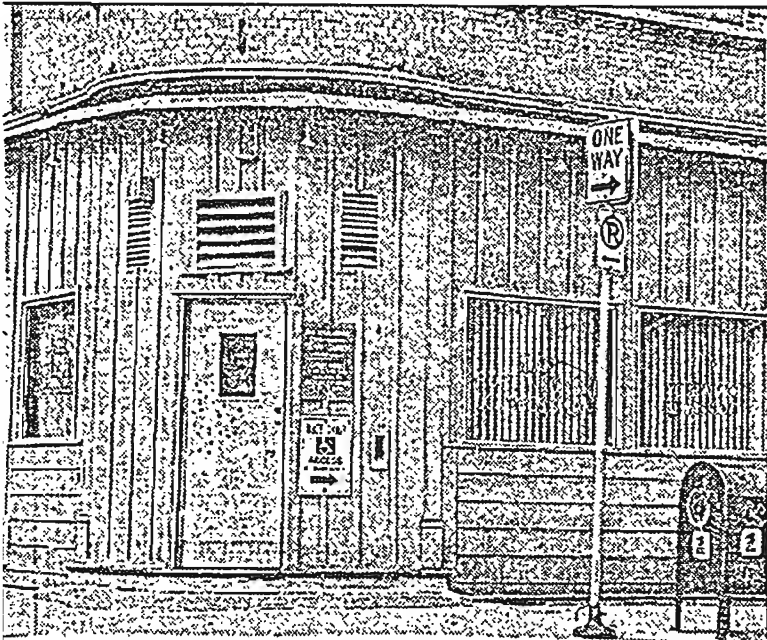
building as an office for Ald. Terry M. Gabinski and the 32nd Ward Regular Democratic Organization.

Rostenkowski is allowed by law to rent from his sisters at a fair market price, but investigators are studying the office arrangement in an effort to determine if federal funds were subsidizing the ward political operation.



SUN-TIMES Photos/Al Podgorski

BOVE: Rep. Dan Rostenkowski paid \$1,250 a month for the family-owned office space on the ground floor at 1347-49 N. Noble. **BELOW:** Rostenkowski's congressional district office at 2148 N. Damen. He has leased the space for years from his sisters, who own the building.



Associated Press

Investigators are questioning transactions of more than \$600,000 in taxpayer money or campaign funds that may have been used improperly to benefit Rep. Dan Rostenkowski (D-Ill.) or his family.

(Mount Clipping in Space Below)

Rostenkowski: I'm innocent

WASHINGTON—Defiant and emotional, Rep. Dan Rostenkowski (D-Ill.) emphatically denied Saturday that he had committed any crime in his 41 years in public life and he announced that he had retained one of the capital's best-known criminal lawyers to lead his defense.

"I want to make it absolutely clear that I have committed no crime and have engaged in no illegal or unethical conduct," Rostenkowski said at a news conference arranged at his direction, but at which he answered no questions.

"This has been a very difficult time for me and my family. I am frustrated and angry with these false allegations."

On Saturday, the Tribune reported that the Chicago Board of Trade had paid two of Rostenkowski's daughters, Stacy and Dawn, a total of \$200,000 since 1983 for jobs for which board insiders said they seldom reported.

After a week of being pummeled by stories that implicated him in criminal activity in the cash-for-stamps scandal at the U.S. House's post office, Rostenkowski summoned the media to the setting where he enjoys his most complete authority, the hearing room of the Ways and Means Committee.

Taking several deep breaths as he walked to the podium, with his new legal team trailing him, Rostenkowski read a short statement and retreated into one of the committee's private rooms.

"I am presumed innocent," the 65-year-old Chicago Democrat said. "I have been charged with nothing, but most importantly I am, in fact, innocent of any wrongdoing."

He also vowed that the criminal investigation would not deter his work as President Clinton's principal lieutenant in the House during budget negotiations.

"... I will not allow the current situation to interfere with the important legislative work that I and others are presently engaged in and which is so important to the American people," Rostenkowski said.

But in choosing Washington lawyer Robert Bennett as his new counsel, Rostenkowski seemed braced for the possibility of a trial.

A tough son of Brooklyn, by way of Georgetown Law School, Bennett is the brother of former Education Secretary and presidential drug policy adviser William Bennett.

Robert Bennett gained national prominence as counsel to the U.S. Senate during the inquiry involving five senators tied to convicted savings and loan figure Charles H. Keating Jr., and has represented Washington power brokers Clark Clifford and Robert Altman in the Bank of Credit and Commerce International scandal.

He regularly bills clients more than \$400 an hour.

Rostenkowski's retaining of Bennett came at the end of a week in which he had been most directly tied to possible illegal acts connected to the House post office.

Former Postmaster Robert Rota pleaded guilty Monday to two counts of embezzlement and one count of conspiracy and promised to help the government in building its case against others in the cash-for-stamps scheme.

In what one lawyer called "excruciating detail," Rota said he directly passed federal money to "Congressman A" and "Congressman B" and provided precise dates, amounts and voucher numbers.

Rota said that on some occasions, he gave members of Congress cash for stamps. On others, members would falsely sign vouchers stating that they had purchased stamps and Rota would give them cash. Rota kept a special series of vouchers in his desk to accommodate members, sources said.

Documents filed by Rostenkowski matched with ones mentioned by Rota and several sources confirmed that Rostenkowski was "Congressman A." The same sources and records indicated that "Congressman B" is former Rep. Joe Kolter (D-Pa.).

(Indicate page, name of Sec. 1, Pg. 1 newspaper, city and state.)

Chicago Tribune
Chicago, Illinois

Date: July 25, 1993
Edition: Sports Final

Title: ROSTENKOWSKI: I'M INNOCENT

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

Although the vouchers mentioned in Rota's guilty plea added up to just more than \$20,000 in alleged payments to Rostenkowski, sources said that prosecutors have evidence indicating the total amount might be \$100,000. Sources said that the additional funds apparently came from checks drawing funds from Rostenkowski's congressional fund and political action committee accounts.

Sources also said that while the investigation of the post-office is essentially complete, agents from the FBI, and the Internal Revenue Service among others, are in Chicago in a broader investigation of Rostenkowski's finances.

But Saturday, Rostenkowski attempted to shift the attention from charges to his own unequivocal defense in the room where he asserts almost unchallenged power.

An oil portrait of him hangs on one wall. The room was elaborately refurbished a few years ago, at Rostenkowski's direction, to celebrate the 100th anniversary of the tax writing committee. Donations from corporations dependent on the committee's working of the tax code, and the ear of the committee's chairman, funded nearly all of the work.

58C-WF-180673N-82

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Washington Post

LY 25, 1993

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'I HAVE COMMITTED NO CRIME'



BY FRANK JOHNSTON—THE WASHINGTON POST

At a Capitol Hill news conference, Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) says he is innocent of wrongdoing in the House Post Office scandal and pledges to stay on the job. He says he is "frustrated and angry" at the allegations. Story on Page A6.

(Indicate page, name of newspaper, city and state.)

Date: 7/25/93

Edition: WASHINGTON POST

Title: PLATE BLOCK
OO: WF

Character: 58C-WF-180673

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Classification:

Submitting Office:

Indexing:

58C-WF-180673 Sub N-83

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83

Rostenk In Newsrooms, Blacks See

By Eric Pianin
Washington Post Staff Writer

House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.), flanked by a new, high-powered legal defense team, yesterday declared he was innocent of any wrongdoing in the House Post Office scandal and pledged to stay on the job.

Breaking his silence after nearly a week of unrelenting bad news linking him to a decades-old embezzlement scheme at the post office, Rostenkowski summoned reporters to his committee's cavernous conference chambers to answer what he called "the many unfair, false and baseless allegations" about him.

"I want to make it absolutely clear that I have committed no crime and have engaged in no illegal or unethical conduct," Rostenkowski said.

The beefy, sad-faced Illinois Democrat, leaning into a lectern, said this has been a very difficult time for him and his family and that he was both "frustrated and angry."

"I am presumed to be innocent," he said. "I have been charged with nothing, but most importantly I am, in fact, innocent of any wrongdoing."

With a federal grand jury probe of alleged wrongdoing at the post office picking up steam, Rostenkowski, 65, dropped lawyer Stanley M. Brand late Friday night in favor of lawyer Robert S. Bennett and his partner, Carl S. Rauh.

Bennett, one of the most successful criminal lawyers in Washington, commands \$415 an hour in fees and has handled such high-profile clients as Clark M. Clifford and Robert A. Altman in the BCCI case, former defense secretary Caspar W. Weinberger and Cincinnati Reds owner Marge Schott.

In the process of handling hundreds of white-collar criminal cases, Bennett has lost only two at trial.

Rostenkowski, one of the most powerful figures on Capitol Hill, has been the subject of a yearlong federal grand jury investigation examining everything from suspected stamps-for-cash swaps at the House Post Office to every facet of his personal, official and campaign finances.

His legal and political problems reached critical mass last Monday, when former House postmaster Robert V. Rota pleaded guilty to helping several representatives embezzle money from the post office. Evidence contained in court papers

By late Friday, an agitated Rep. Rostenkowski concluded he needed to make a dramatic shift in his legal and public relations strategy, according to aides.

in the case indicated that Rostenkowski was one of those and that he allegedly received a total of \$21,300 in 19 transactions between May 1985 and April 1991.

Rostenkowski, who as the long-time chairman of the House tax-writing committee has taken a leading role in shaping a compromise over President Clinton's deficit-reduction package, spent the rest of the week dodging questions.

Under the advice of his former counsel, Brand, he refused to say anything about the allegations, even as House Republicans began stirring up the political pot and political

enemies back home in Chicago were demanding that he resign.

By late Friday, an agitated Rostenkowski concluded he needed to make a dramatic shift in his legal and public relations strategy, according to aides. In a midnight phone conversation, Rostenkowski hired the resourceful Bennett to take over the case, and they agreed to launch a counteroffensive, beginning with yesterday's Capitol Hill news conference.

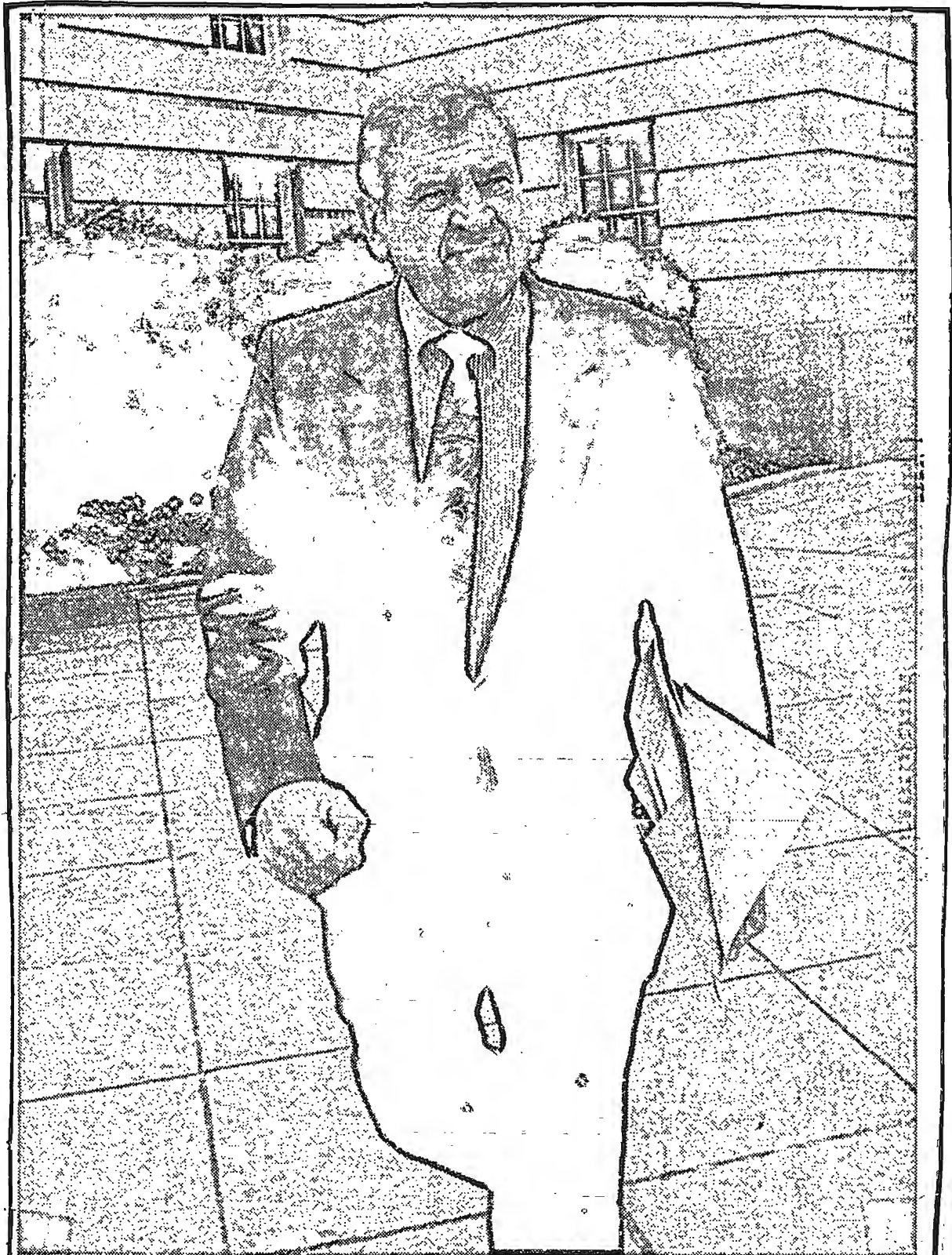
With the Capitol abuzz with speculation that Rostenkowski has lost some of his effectiveness in dealing with the president's economic policies and the White House's expected health care proposals, Rostenkowski declared that he "will not allow the current situation to interfere" with his work.

Rostenkowski declined to answer any questions and marched out of the room after completing his brief statement. Among those unanswered questions were inquiries about his dealings with Rota and why his office spent so much on postage stamps when he enjoys congressional franking privileges.

A retired House Post Office employee, James C. Smith, told the Chicago Sun-Times last week that he was given a \$2,000 expense account voucher for postage stamps in the summer of 1989 that Rota turned in for cash for Rostenkowski.

Smith, who has testified before the grand jury under a grant of immunity from prosecution, said, however, that he "never handed Rostenkowski any money directly." Smith also said he had never met Rostenkowski before he was given the patronage position at the post office.

Federal prosecutors indicated in court documents that Smith was hired through Rostenkowski's "personal intervention" to help facilitate the alleged scam.



Rep. Dan Rostenkowski (D-Ill.) leaves Capitol Hill news conference where he denied any illegal or unethical conduct.

ASSOCIATED PRESS

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(Indicate page, name of newspaper, city and state.)

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Date: 7/25/93

Edition: WASHINGTON POST

PLATE BLOCK

Title: 00: WF

SRG-WF-180673

In Chicago, 'Rosty' Is Considered Irreplaceable as a Man of Clout

By Edward Walsh
Washington Post Staff Writer

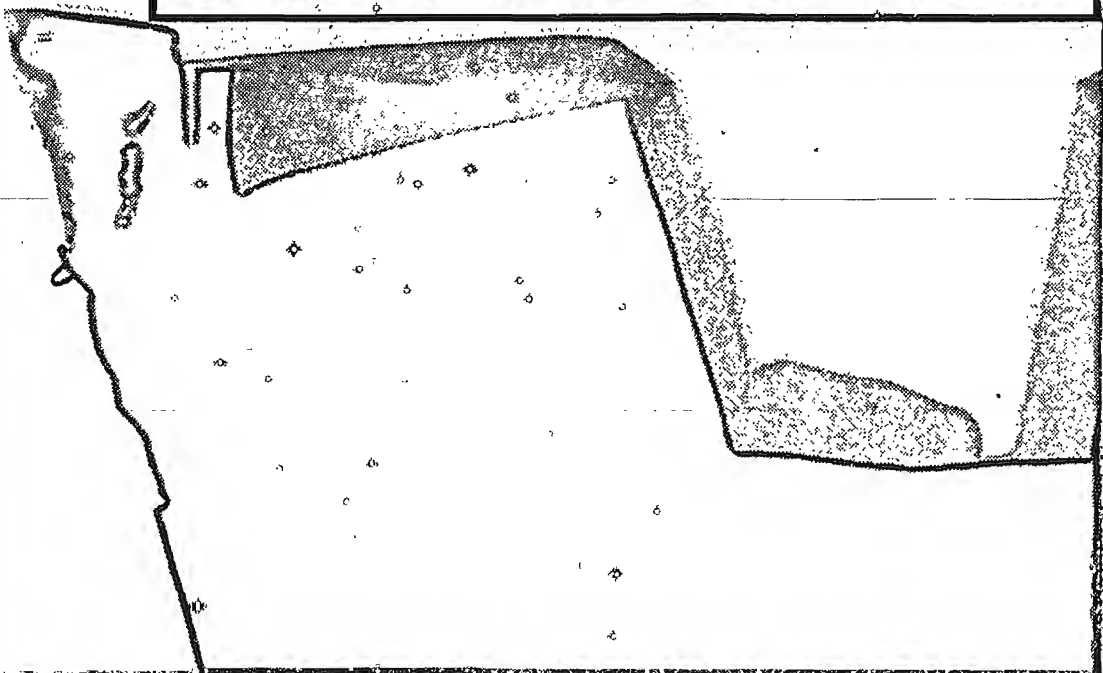
CHICAGO, July 24—When President Clinton arrives here Monday

released a list of "Chairman Rostenkowski's" legislative accomplishments—\$1.3 million for a low-income housing trust fund, \$21.3 million for a new downtown transit

state legislature at 24 and in 1958, when he was 30, took his seat in Congress. For years, even as he rose in power on Capitol Hill, he remained the Democratic commit-

0 pm, P814 For the hearing impaired TOLL-FREE TDD 1-800-955-0125 From D.C. TDD 202-879-8050
PM (Metro Center, Bethesda Furniture & Design Gallery Sunday Noon to 5 pm)
ner, Bethesda Furniture & Design Gallery Monday-Saturday 10 am to 7:30 pm; Chevy Chase Saturday 10 am to 7:30 pm)

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Date: 7/25/93
Edition: WASHINGTON POST

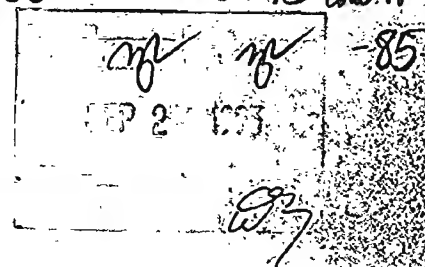
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58C-WF-180673 Sub N-86

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(Indicate page, name of newspaper, city and state.)

7/25/93

CHICAGO SUN-TIMES

Date:

Edition: PLATE BLOCK

S8C-WF-1806B

(Mount Clipping in Space Below)

Sunday

Chicago Sun-Times

\$1.25

Chicago/Sydney
\$1.50 Elsewhere

JULY 26, 1993

First Edition

The Rostenkowski Probe

\$600,000 IN QUESTIONS



Spending For Cars, Rents Also Targeted

By Chuck Neubauer
and Mark Brown
Staff Writers

Federal investigators are questioning transactions involving more than \$600,000 in taxpayer money or campaign funds that may have been used to improperly benefit Rep. Dan Rostenkowski (D-Ill.) or his family.

A Chicago Sun-Times compilation of the leads that federal prosecutors are known to be pursuing against Rostenkowski shows much more is at issue than the \$21,300 in cash he is alleged to have received illegally from House Postmaster Robert V. Rota.

No charges have been filed against Rostenkowski. Even if he eventually is charged, it is unlikely the total dollar amount involved in any accusations against him would total \$600,000—either, because investigators find no evidence of a crime or determine that the transactions are too old.

But the figure helps answer a question that's been asked a lot since prosecutors revealed some of the

More is at issue than cash Dan Rostenkowski is alleged to have received illegally from the House post office.

Associated Press

Turn to Page 34

CHICAGO SUN-TIMES, SUNDAY, JULY 26, 1983

THE ROSTENKOWSKI PROBE

\$600,000 at Issue In Investigation

Continued from Page 1
details of the alleged scheme between Rostenkowski and Rota when the former postmaster pleaded guilty last week.

Why would a guy like Dan Rostenkowski—one of the most powerful men in Congress—risk so much for so little money?

These are some of the known areas of investigation involving the veteran Northwest Side congressman:

STAMPS—\$76,843

Rostenkowski has reported obtaining \$76,843 worth of stamps from the House post office since 1978—\$51,843 with his government expense allowance and another \$25,000 with campaign funds.

In court documents filed last week, prosecutors allege that, for at least that long, Rota had been allowing Rostenkowski and other congressmen to embezzle cash through transactions disguised as stamp purchases.

So far, the government has itemized just 12 allegedly illicit transactions totaling \$21,300 involving Rota and an unnamed Congressman A, whom sources have identified as Rostenkowski. But court records indicate Rota has provided additional information about other incidents involving Rostenkowski.

Prosecutors contend Rostenkowski and other congressmen improperly cashed in at the post office in three different ways:

1 Receiving money for official congressional vouchers, which falsely stated the congressmen had received stamps.

1 Exchanging actual stamps, previously obtained with official vouchers, for cash.

1 Cashing checks drawn on political fund accounts, which also were recorded to look like stamp purchases.

During the 15-year period highlighted in the government's use against Rota, Rostenkowski reported using taxpayer funds to ask 41 large stamp purchases—\$500 or more. The largest single purchase was for \$3,000.

Such large stamp purchases are unusual, because congressmen are allowed to send nearly all of their official mail free and have little need for stamps.

All of Rostenkowski's \$76,000 campaign fund spending for

House post office stamps came between 1968 and 1980. His political funds reported spending an additional \$7,000 on stamps in Washington during that time, but his campaign disclosures do not specify that they were purchased at the House post office. These totals also do not include amounts that Rostenkowski's political funds paid for postage in Chicago.

Curiously, Rostenkowski's second-largest annual total for stamp buying was \$10,500 in 1983, during a period in which prosecutors have alleged that he and Rota were forced to put their scheme on hold. According to the government, Rota discontinued the cash-for-stamps deals from mid-1987 to mid-1988 after an accomplice, the post office's supervisor of accounts, was replaced by an employee Rota didn't trust.

In addition to the 12 illegal transactions itemized in the case against Rota, however, prosecutors allege the former postmaster "twice delivered two other large sums of cash to Congressman A" in the summer of 1988 in exchange for stamps.

This raises a question of whether Rostenkowski stockpiled stamps during the two-year hiatus and converted them to cash later, when Rota promoted a patronage employee of Rostenkowski to the supervisor of accounts position.

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Associated Press

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REP. ROBERT H. MICHAEL (R-ILL.)



"We've been friends for such a long time, I just can't believe the son of a gun would get himself involved in something like this. I can't believe it. I don't want to believe it."

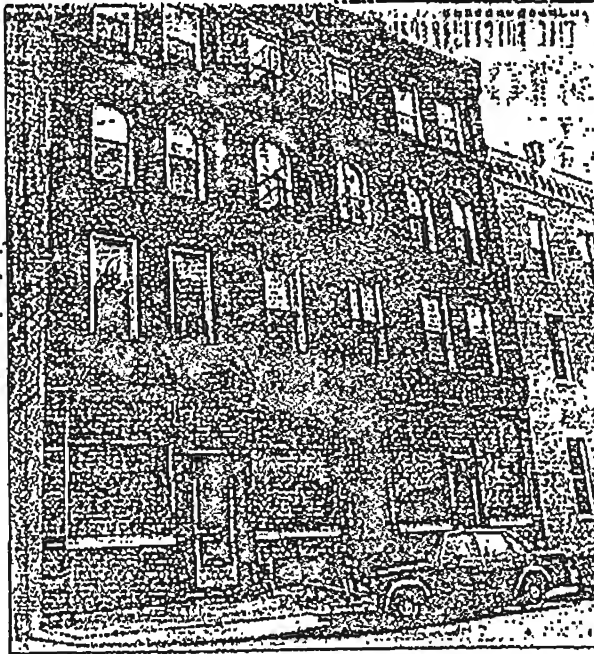
REP. RICHARD DURBIN (D-ILL.)



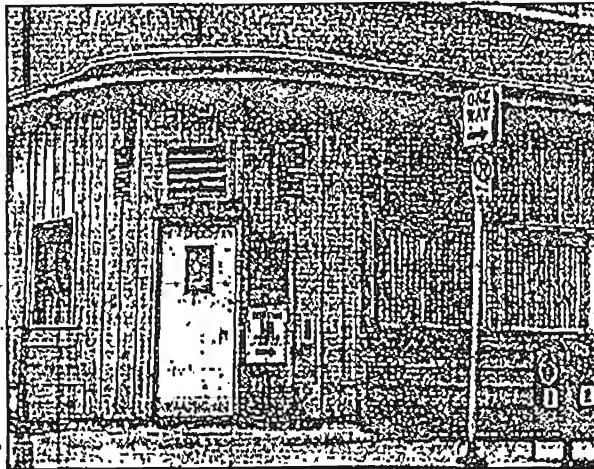
"This is tearing him up inside. This whole ordeal has been difficult for him and his family. He feels he has done nothing wrong."

HOUSE





ABOVE: Rep. Dan Rostenkowski paid \$1,250 a month for the family-owned office space on the ground floor at 1347-49 N. Noble. BELOW: Rostenkowski's congressional district office at 2148 N. Damen. He has leased the space for years from his sisters, who own the building.



Rosty Feels He's Worth More Than He's Paid

By Michael Briggs
Sun-Times Washington Bureau

WASHINGTON—For a long time, Rep. Dan Rostenkowski (D-Ill.) has thought he was worth more than he makes. And he has not been shy about saying so.

The veteran Chicago congressman made no bones about how underpaid he thought was when he introduced a bill in 1982 that would have let members of Congress sign up for salaries on a sliding scale.

He was worth every penny of the \$135,000-a-year he would have made at top end of the pay scale, he said. Incoming congressmen or others who thought less of themselves and their legislative skills could have started at the bottom of the pay range, which Rostenkowski would have set at \$59,500.

"I would personally sign in at the highest end of the scale," Rostenkowski said in a speech to colleagues, who often cover at voting for far more modest pay raises for themselves.

Veterans are worth more than rookie congressmen to their constituents, argued Rostenkowski, who was first sent to Washington in 1958 by Chicago voters who have been loyal to him ever since.

The Rostenkowski pay plan never was paid any serious attention.

The Washington Post was blunt in an editorial: "The idea is preposterous," it said at the time.

Rostenkowski once admitted that, after he made the proposal, his mail was "running a little hostile."

But he defended the idea as a more honest and less hypocritical way for members to remunerate themselves.

"In being shy about declaring our worth in an honest way, all we do is demean our office and reinforce the public misimpressions about public service," Rostenkowski said.

Although he said he had no illusions that the plan would ever pass, he explained he was "attracted to it because it represents a giant step toward the honesty and pride so sorely missing from the way we do things now. Let's be honest with the American people and with ourselves."

While Rostenkowski's pay plan never passed, there have been raises since then. The base salary of a member of Congress now is \$133,644.

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CONGRESSIONAL AND WARD OFFICES—\$329,350-plus

A pair of adjoining storefront buildings at 2147-49 N. Damen have been a cash cow for Rostenkowski's family for decades, thanks largely to taxpayers.

The federal government has paid Rostenkowski's sisters

\$218,910 to lease the 2148 building for his congressional district office since 1970.

Incomplete records show that city taxpayers and unknown sources—possibly secret campaign funds Rostenkowski maintained—paid the congressman's daughters at least another \$112,440 since 1985 to rent the 2150

building as an office for Ald. Terry M. Gabrinski and the 32nd Ward Regular Democratic Organization.

Rostenkowski is allowed by law to rent from his sisters at a fair market price, but investigators are studying the office arrangement in an effort to determine if federal funds were subsidizing the ward political operation.

BAKER THOMAS ROLEY

have confidence in Mr. Rostenkowski as an honest person, that he's effectively inducing his responsibility.

REP. ROBERT MATSUI (D. CALIF.)

"The chairman has the full respect of his [committee] membership. They would go over a cliff for him."

GOV. EDGAR

"It would be a loss to the state if he no longer was in the position he is in now."

Los Angeles Times

of
date.)

7/25/93

LA TIMES

PLATE BLOCK

58C-WF-180673

House Votes Against Releasing Documents on Post Office Probe

By GREG MILLER
TIMES STAFF WRITER

WASHINGTON—After fierce debate that forced Speaker Thomas S. Foley (D-Wash.) to the House floor to deny accusations about his conduct, Democrats successfully squelched a Republican effort Thursday to release records of an internal investigation of the House post office.

The House voted virtually along party lines, 241 to 183, to accede to a Justice Department request that files and testimony from the investigation remain confidential until completion of criminal proceedings that recently implicated House Ways and Means Chairman Dan Rostenkowski (D-Ill.).

Former House Postmaster Robert V. Rota pleaded guilty Monday in federal court to conspiracy and embezzlement and said that he had schemed with two congressmen to trade stamps purchased with government funds for tens of thousands of dollars in cash over a 20-year period. Although names were not mentioned in Rota's plea bargain papers, related documents indicated that Rostenkowski was one of those congressmen.

Rostenkowski, who maintains his innocence, is an ally of the White House in current conference committee efforts to forge a compromise between the House and Senate on President Clinton's economic package. If indicted, Rostenkowski, who voted to support the Democrats' resolution Thursday but was absent for the debate, would have to relinquish his chairmanship until proved innocent.

House Republicans had been pushing for release of documents generated by a bipartisan task force that reported its findings on the House post office scandal last July 22. A report by Republican members of the task force heaped blame on House Democrats, although virtually ignoring stamps-for-cash allegations. Democratic members concluded that there was "no merit whatsoever" to allegations that House members had abused the stamp procurement process.

In remarks on the House floor Thursday, Minority Leader Robert H. Michel (R-Ill.) urged release of the documents, calling on House members to "summon up our last remaining shreds of courage and dignity and let the American people see what the insiders already know."

Democrats argued that releasing the documents would jeopardize the investigation currently being

conducted by the Department of Justice, citing a letter from U.S. Atty. J. Ramsey Johnson asking the House to refrain from releasing any materials from the task force inquiry.

House Majority Leader Richard A. Gephardt (D-Mo.) said that releasing the documents would "thwart the ability of the prosecutor to gather information effectively and possibly impair the U.S. attorneys from completing their investigation successfully."

The debate took a rancorous turn when Rep. Bill Thomas (R-Bakersfield) challenged Foley to come to the floor to "confirm or deny" allegations that the Speaker had a telephone conversation with Atty. Gen. Janet Reno "about the advisability of releasing information from the task force."

Johnson's letter, providing Democrats with "the cover needed" to block release of the documents, arrived at the House shortly after Foley's call, Thomas said.

In a rare display of anger, Foley stepped down from his Speaker's chair and called Thomas' suspicions "totally and absolutely incorrect," denying that he, anyone from his staff or any member of the

Democratic leadership made such a call.

He chastised Thomas for not extending "the simple courtesy" of asking him in private whether the allegations were true before voicing them on the House floor.

Thomas quickly retreated, saying: "I certainly apologize because I have no factual evidence."

The Chicago Sun-Times reported Thursday that Rostenkowski's lawyers tried unsuccessfully to de-

lay announcement of Rota's guilty plea, citing possible damage to efforts to pass Clinton's budget.

Rostenkowski's lawyers did not respond to calls for comment, but Justice Department spokesman Dean St. Dennis confirmed that there were conversations between a Rostenkowski lawyer and a mid-level Justice Department attorney before Rota entered his plea. He declined to detail the conversations.

But Kevin Ohlson, a spokesman for the U.S. attorney's office here, said he was certain that "no one from main Justice attempted to get a delay" in the Rota proceeding. Rostenkowski maintains his innocence.

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of Mr. Rota's secret testimony before the House task force where he denied any wrongdoing and said he did only what superiors in the Democratic Party told him to do.

"If we keep these records hidden, the message to the American people will be: If you are an insider, if you are a favored reporter, you can see the transcripts and that's OK.... But if you are an average American citizen, you need not apply" to review the records," said Mr. Michel, Illinois Republican.

House Majority Leader Richard A. Gephardt, whose own resolution to keep the records sealed was agreed to by a vote of 244-183 along mostly party lines, said release of the documents could be harmful to the ongoing criminal probe.

"I cannot comprehend why any-

one, in the face of the clear, unequivocal recommendation of the U.S. attorney, would vote to let documents out which could interfere with, damage, obstruct or bungle" the federal criminal investigation, the Missouri Democrat said.

Mr. Gephardt was referring to a letter released yesterday from Mr. Johnson, the interim U.S. attorney, who opposed release of the documents because it could impede his criminal probe. So far, Mr. Rota and eight other persons have been convicted.

When Rep. Bill Thomas of California, the ranking Republican on the House Administration Committee, accused Democrats of conspiring with the Justice Department to generate the Johnson letter, the floor fight began.

Speaker Thomas S. Foley, Washington Democrat, who was presiding over the House at the time, bolted from his chair and, after a few minutes, called the Republicans' assertions "totally and absolutely incorrect."

"Let me make it again abundantly clear," Mr. Foley said in a raised voice full of anger. "No one has talked to the United States attorney or the attorney general" about producing the letter to ensure that records remain locked up.

"I have not talked to [Attorney General] Janet Reno since she was sworn in," Mr. Foley said. He asked why Republicans had failed to have what he called the simple courtesy of checking the accuracy of their charge with him before making it on the floor.

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The Washington Times

*SUNDAY, JULY 25, 1993 / PAGE A15

Renewed scandal threatens Democrats' agenda

By Donald Lambro
THE WASHINGTON TIMES

The House post office scandal threatens to further erode public support for the Democratic Congress and President Clinton's budget plan at a time when there is very little backing to spare.

The scandal, in which funds were embezzled from the post office and

which could lead to the indictment of House Ways and Means Committee Chairman

Dan Rostenkowski, is the latest of a series of episodes that have shrunk public support for Congress and sparked a national movement for term limits.

Republican leaders say the scandal is one more example of what four

decades of "corrupt one-party rule" have wrought, and they believe that it gives their party an opportunity to persuade the voters to sweep the Democrats from power.

"It reminds the voters one more time that something's wrong in Washington, that nothing has changed, and the Democrats have once again abused their privileges," said GOP strategist Ed Rollins.

"People may not follow every detail of this scandal, but they pay attention when it's someone this big. They know that one of the chief Democratic leaders in Congress has come under serious scrutiny," Mr. Rollins said.

"It brings the stench of scandal back and reminds the voters of what's been going for a long time." A legislative lobbyist for a business group, who asked not to be

named, said: "This couldn't have come at a worse time for the Democrats and for the White House. It hurts them across the board."

A national survey of voters this month by Public Opinion Strategies found that 78 percent believe that "Congress isn't doing the job we elected it to do, and it's time for a change, even if it means voting against my congressman." That's up from 70 percent two years ago.

For the Democratic majority that runs Congress, that could mean a further loss of House seats in next year's congressional elections—and even minority status in the Senate.

For Mr. Clinton it could mean a continuing loss of support for the budget plan he is struggling to get through Congress, and a deeper decline in public confidence in the Democrats' ability to govern.

If Mr. Rostenkowski is indicted, the scandal will have robbed Mr. Clinton of the one man whose influence he needs to enact his budget plan. Under House rules, Mr. Rostenkowski would have to give up his chairmanship.

With a growing number of Democrats voicing doubts about Mr. Clinton's budget plan and many Americans opposed to it, the president can ill afford another congressional scandal.

The case involved several Congressmen in a scheme to embezzle money from the post office by cashing in official vouchers for postage stamps.

While he has not been indicted, the fact that he has been publicly linked to the scheme by the former House postmaster, Robert Rota, puts the Democrats in an awkward political

situation.

"There is no better legislative strategist in the Democratic Party," Mr. Rollins said. "But the bottom line is that Rostenkowski is damaged today and the White House has to be careful of its relationship [with him] and they have to be concerned at a very critical time."

"This is a time when Clinton can ill-afford any distractions," Mr. Rollins added. "And Rostenkowski's possible indictment can be a long-term distraction."

"I think it certainly affects the budget bill, but also their longterm goals on health care and everything else that goes through his committee," he said.

A chief House GOP strategist said, "Even the selling of the plan is hurt by the fact that their key lieutenant is under this cloud, so every-

body gets tainted by it."

Former Democratic National Chairman Charles Manatt disagreed: "The man is innocent until proven guilty, and I believe he'll stay."

"The banking and post office scandals are in the past, we went through a cleansing election in 1992," Mr. Manatt said. "The bank was closed, we have a new sergeant of arms in the House, people were indicted, fired, and some members retired or lost. That's all behind us now."

In the final analysis, "the party in power will rise or fall on their ability to improve the economy," he said.

A lobbyist for the AFL-CIO said: "The damage, if there is damage, will be in the next election cycle in the GOP's attack ads. That's what we have to be worried about."

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AMERICA'S NEWSPAPER

The SUNDAY

The Washington Times

75 CENTS

Rostenkowski vows in

The lawmaker says the post office scandal won't keep him from getting the president's budget through Congress

By Joyce Price
THE WASHINGTON TIMES

Rep. Dan Rostenkowski, Illinois Democrat, said yesterday that he is "innocent of any wrongdoing" in the House Post Office scandal and pledged that he will not allow his current legal problems to interfere with his legislative work.

Speaking at a hastily called news conference at the House Ways and Means Committee, which he chairs,

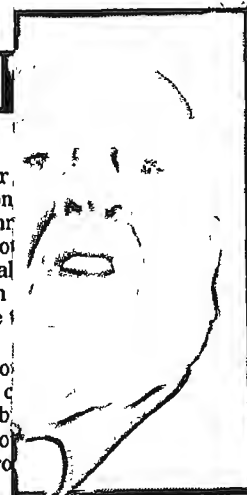
Mr. Rostenkowski also announced that he has hired Bob Bennett, a lawyer experienced in white-collar crime, and his partner, Carl Rauh, a former U.S. attorney, to represent him in what he described as a "pending criminal investigation."

Mr. Rostenkowski, a key negotiator in House-Senate efforts to forge a compromise on President Clinton's budget bill, has been linked to a grand jury probe of embezzling and money-laundering at the House post office. He has not been publicly named as a suspect by investigators, nor has he been charged with any crime.

Former House Postmaster, V. Rota pleaded guilty Monday to misdemeanor charges in connection with the post office case. Court records say he helped two officials, identified only as "Congressman A" and "Congressman B," embezzle thousands of dollars.

Nearly \$21,000 worth of postage stamps used by Congressman A to cash correspondence were listed in House records from Rostenkowski's office.

"Because of the many unfounded and baseless allegations that have been made recently about me, Rostenkowski says he has hired criminal defense lawyers.



AP

POSTAL

From page A1

innocent. I have been charged with nothing, but most importantly I am, in fact, innocent of any wrongdoing."

Mr. Rostenkowski also said he wanted to assure the public that he "will not allow the current situation to interfere with the important legislative work that I and others are presently engaged in and which is so important to the American people."

In an interview with WBBM-TV in Chicago, Mr. Rostenkowski elaborated on that theme. "I have a job to do: the deficit-reduction program

this president has proposed. I'm totally involved in it. I'd prefer not to have this cloud over my head. But I'm totally involved in it."

On Thursday, the Justice Department confirmed a report in the Chicago Sun-Times that an attorney for Mr. Rostenkowski made at least one call to the department to seek to delay Mr. Rota's plea until after a House-Senate conference committee had completed its work on the president's budget package.

In the WBBM-TV interview, part of which was broadcast yesterday on WTOP Radio, Mr. Rostenkowski was asked if he might be thinking of retiring.

"There comes a time when one has to think of retiring or another career," he said. "I'm still young enough so that I could step aside for a new member of Congress."

"I haven't decided what I'm going to do. But if the lines forming are as long as you suggest, maybe I've got a chance of getting re-elected."

In both his press statement yesterday and the WBBM-TV interview, Mr. Rostenkowski expressed gratitude for the support he's received.

"This has been a very difficult time for me and my family. I am frustrated and angry with these false accusations," he said at the news conference.

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Chicago Business CRAIN'S



Midway passenger battle plan

Why only one new
commuter carrier
can win the fight

Page 4

METRO CHICAGO'S BUSINESS AUTHORITY

(See Page 2)

THIS ISSUE IN 2 SECTIONS VOL. 16, NO. 30

LATE NEWS

Kroch's mulls sale of Evanston lease

■ Cash-strapped Kroch's & Brentano's Inc. is looking to sell the long-term lease on its Evanston store at 1711 Sherman Ave. It is prepared to close that location should the buyer of the lease wish to move into the retail space, said William Rickman, Kroch's president and chief operating officer. The bookstore chain estimates the lease is worth about \$1 million. Mr. Rickman added that there is a possibility Kroch's would stay in the Evanston location if the buyer of the lease agreed to terms that would enable the bookstore to remain as a tenant. The Evanston Kroch's has suffered at the hands of competitor Barnes & Noble, which opened a retail outlet on the same block in mid-1992.

Dominick's sues Amoco, Shell Oil

■ Northlake-based Dominick's Fine Foods Inc. last week filed a

Giant eyes Grant Hosp.

Columbia, local suitors want to buy

By ARSENIO OLOROSO JR.

Columbia Hospital Corp., a fast-growing Texas-based health care provider with plans to become the largest hospital chain in the country, wants to expand its local presence, possibly through the purchase of Grant Hospital of Chicago.

For the past year, financially pressured Grant has been searching in vain for a strategic partner to resuscitate its flagging prospects.

Spurned in attempts to affiliate with Oak Brook-based Evangelical Health Systems and the University of Chicago Hospitals, the Near North Side facility may now sell outright to one of a handful of other medical centers, CRAIN'S CHICAGO BUSINESS learned.

According to a strategic plan unveiled at a July 7 meeting of Grant's board, four groups besides Fort Worth-based Columbia are interested in acquiring the hospital: Columbus-Cabrini Health System, Edgewater Foundation, Nūcare Management Corp. and two Chicago-based doctors groups.

See Grant on Page 49

GRANT-HOSPITAL SUITORS IN-THE WAITING ROOM

- Columbia Hospital Corp., Fort Worth, 99 hospitals with 22,000 beds
- Columbus-Cabrini Health System, Chicago, 546 beds
- Children's Memorial Hospital, Chicago, 265 beds (proposal pending)
- Edgewater Foundation, Chicago, 431 beds at Edgewater Medical Center
- Nūcare Management Corp., Chicago
- Two Chicago-based doctors groups

Source: Grant Hospital of Chicago

CRAIN'S/JERRY PARKS



'Love your tie, Mr. Rockefeller'

Dominick's sues Amoco, Shell Oil

■ Northlake-based Dominick's Finer Foods Inc. last week filed a lawsuit in U.S. District Court here against Chicago-based Amoco Oil Co. and Shell Oil Co. of the Netherlands seeking to avoid a potentially costly envi-
Continued on Page 50

REGION

■ Five years ago, DuPage Airport was touted as the economic engine for that county's growing business community. Now, as the complex feels the brunt of hard economic times, that goal remains far off. Page R1

CRAIN'S LIST

CHICAGO-AREA INVESTMENT BANKERS

Ranked by number of banking professionals

1. Merrill Lynch & Co. 29
2. William Blair & Co. 26
3. Kears Trust Co. 25
4. Chicago Corp. 24
5. Kildar Peabody & Co. 23

See Page 23



STEVE LEONARD

Mr. Rockefeller

Banks, rivals pursue wealthy

By BARBARA ROSE

Continental Bank recently treated 50 of its best customers to a dinner party featuring conservative columnist George Will in the bank's newly renovated grand banking hall.

Chasing the high-net-worth crowd will prove risky for some institutions, says Maribeth Rahe, Harris Bank's director of personal financial services.

The party favors—gilt-edged fountain pens and notepaper with museum-quality reproductions of the hall's distinctive murals—were tokens of Continental's esteem for clients whose collective net worth probably exceeds \$500 million.

Managing money for wealthy families is a lucrative business that Continental expects will grow nearly twice as fast as its overall business in the next three years.

Yet it's a field that's crowded
See Wealthy on Page 48

Oh, Danny boy: Pipes really calling now

Biz copes with fear that Rosty era will soon be over

By PAUL MERRION

WASHINGTON—Disbelief, denial, grief, anger, acceptance—the emotions normally associated with death are roiling those with close ties to Rep. Dan Rostenkowski, even as they refuse to write his political obituary.

As he huddles with the president and tackles final negotiations on the administration's \$500-billion defi-

cit-reduction package, the veteran Chicago Democrat faces a potential career-ending indictment at the very peak of his power and influence.

No lobbyist would write off a sitting chairman of the House Ways and Means Committee, no matter what his predicament. But those whose interests he shared and supported are contemplating life without Rosty in bereaved tones.

There is disbelief that someone who could have retired last year and

kept more than \$1 million in campaign funds for his own use would do something illegal for a small fraction of that.

"If the headlines read, 'Rosty carrying Madonna's baby,'" said one
See Rosty on Page 46

No politician or lobbyist is yet writing off Rep. Dan Rostenkowski, no matter what his predicament. But some are contemplating life without him.



RHODA BAER

Airlines

Continued from Page 4

air carriers has declined by 47%, said Deborah McElroy, vice-president of the Regional Airline Assn. in Washington, D.C.

"There are some people who say they will continue to decline," said Ms. McElroy, who added that the survivors tend to be healthy.

What's more, the 50 biggest regional airlines carry 98% of all passengers across the country, making it difficult for inexperienced independents to hang on long enough to earn their wings.

Yet an untapped market for dependable feeder service at Midway is the commuter carriers a

ance, under one condition: that they don't try to go head-to-head in the same outlying cities.

"Is there room for both of us in some of these (same) markets? No. It's pretty thin," said Courtney Anderson, chief operating officer of Chicago Express.

Not enough fliers

Analysts say there simply aren't enough fliers in most mid-sized markets to justify two carriers. So, if Midway Connection and Chicago Express go head-to-head, neither is likely to be profitable.

Right now, the airlines don't plan to fly into the same markets. But that could change.

Midway Connection, which has been flying as Direct Air since 1981, has flown mostly low-frequency routes subsidized by the federal government, receiving grants ranging

from \$500 to \$750 per flight, said President Wil Davis, who founded Direct Air.

The federal program, Essential Air Service (EAS), was created to provide flights to cities abandoned by the free market, such as Muncie, Ind., and Downstate Galesburg. Midway Connection serves 13 cities out of Midway, but not all of them are EAS flights.

Now, the revamped airline wants to change direction and challenge Chicago Express for Midway Connection's old market.

Midway Connection was reborn when Gary-based Direct Air agreed to merge with an investment group led by Eugene Gauss Jr., president of Lansing, Mich.-based Northern Star Cos., a \$50-million distribution concern.

Along with several Midway Airline survivors, Mr. Gauss had been trying to revive Midway Connection ever since the mother ship was grounded in November 1991.

"We worked with the (bankruptcy trustee) for two years," said Mr. Gauss, chief executive of Midway Connection. "But we didn't want Midway Airlines' (assets) or its logo. We wanted Midway Connection."

In the end, the castoff group won control of the Midwest Connection moniker, teamed with Direct Air and is considering expansion to many cities once served by the original Midway Connection.

That would place it in direct competition with Chicago Express, which could trigger a fare war, analysts warn. Midway Connection had also flown to Louisville and India-

napolis, but don't expect the new entity to add routes to those cities.

Unlikely encounter

"There's no way in hell that we'll go head-to-head in cities now served by Southwest (Airlines)," Mr. Gauss said.

Chicago Express is beating Midway Connection to the punch, planning to begin service Aug. 9 to three cities—Milwaukee and Madison,

Wis., and South Bend, Ind.—with a total of 25 flights a day.

Its fare structure is simple, with only three prices per one-way route ranging from \$39 to \$69. The start-up, which is leasing five 19-passenger turboprop aircraft and is subleasing gate space from Southwest Airlines, is owned by two investors with experience in commercial aviation.

One is Carol Brady, wife of the

president of Atlanta-based Phoenix Airline Services, a holding company that operates two regional carriers for Northwest Airlines. The other owner is Bryan Bedford, chief financial officer of the Atlanta concern.

Chicago Express, which is still flying test runs for federal regulators at DuPage County Airport, is already talking about adding "several more routes" this fall.

Rosty

Continued from Page 1

tax lobbyist, "it couldn't be more off the wall."

There is denial that facts spelled out in court are true—that perhaps key witnesses are lying or his staff was somehow responsible or there is some other logical explanation.

"On or off the record, I hope he gets through this," said David Yudin, Chicago's chief Washington lobbyist. "I hope there's nothing to it."

There is grief in contemplating what Rep. Rostenkowski has done for Chicago over the last 34 years, and anger that his clout could abruptly disappear for such a stupid reason.

Getting things done

"You bring in Danny Rostenkowski when it's something you really can't get done," said one lobbyist who represents several Chicago-area interests. If he's guilty of the allegations against him, the lobbyist added, "I guess he never stopped to think what he was doing. It was

easy, it was there."

And finally, there is acceptance that, guilty or not, Rep. Rostenkowski is trapped in events beyond his control.

"The whole thing has a Greek-tragedy character to it," said James Healey, a lobbyist and former longtime aid to Rep. Rostenkowski. "It's inexplicable to me."

Before last week, it was plausible to dismiss the long-running grand jury investigation into the veteran legislator's personal finances as inconclusive or politically motivated.

But a guilty plea by former House Postmaster Robert Rota has clearly fingered the House Ways and Means Committee chairman in a scheme to embezzle cash from the government, leaving no room for the Clinton administration to sidetrack the case.

"Everybody knew you couldn't get Rostenkowski without Rota," said Kenneth Robinson, attorney for James Smith, a former supervisor at the House Post Office who first alleged that members of Congress, including Mr. Rostenkowski, converted part of their office postal allowance into cash.

As spelled out in court by the U.S. attorney's office, Mr. Rota conspired with an unnamed "Congressman A" who used vouchers from his office postage allowance and campaign funds to buy stamps, which were then exchanged for "untraceable cash." In some cases, cash was provided without any stamps changing hands.

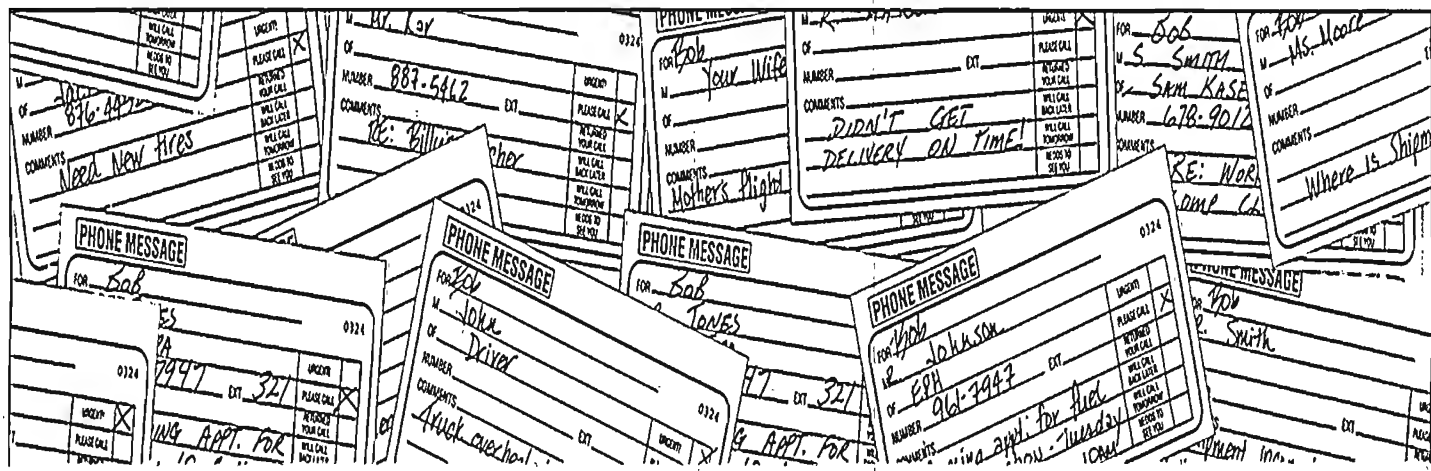
Possibility of indictment

The dates and voucher numbers of those transactions reportedly match the public records for Rep. Rostenkowski, leaving little doubt that an indictment of the Chicago Democrat is "simply a matter of time," as Jay Stephens, the former U.S. attorney who launched the investigation, said last week.

Innocent or not, the problem is that an indictment would force Rep. Rostenkowski to step down immediately as chairman of the powerful tax-writing panel he has led since 1981. Under House rules, the trial doesn't matter: The indictment itself is the sentence.

Only White House intervention

See Rosty on Page 47



men patrol the grounds during events, Mr. Duffy says.

Disaster preparedness is an even higher art at 2-year-old Comiskey Park.

"We can empty a full stadium in a little less than 10 minutes," boasts

Rosty

Continued from Page 44
could stop the investigation now, but that seems unlikely, given the amount of evidence made public last week.

Investigators are reportedly preparing a case that goes far beyond the cash-for-stamps scheme, which a source in the U.S. attorney's office refused to confirm or deny.

While the deficit reduction package is likely to be wrapped up soon, Rep. Rostenkowski's negotiating skills and political acumen are crucial to the administration's effort to advance health care reform and a North American Free Trade Agreement in the next few months.

Likewise, the implications for Chicago and Illinois are hard to overstate. While other members of the delegation have played a more active role as Mr. Rostenkowski spent more time on committee matters in the last decade, he remains the catalyst, the 800-pound gorilla who makes things happen.

It was late one night last year, after a television interview during the primary, that Rep. Rostenkowski voiced those implications clearly as he and an aide stepped out onto a nearly deserted State Street mall.

"He looked up and down (the street) and said, 'I got the money inserted to make this mall and now they want me to put money in to take it out,'" recalled Thom Serafin, his media consultant. "Then he said, 'What the city needs desperately is long-term planning because I won't always be around to make these things happen.'"

The Kroger Co.

8 1/2% Senior Secured Debentures Due 2003

Price 100%

The undersigned acted as a co-manager
in the public offering of these securities.

ASAA, Inc.

has been acquired by a wholly owned subsidiary of

Automotive Industries, Inc.

The undersigned acted as financial advisor to
ASAA, Inc. in this transaction.

INTERFACE.

Interface, Inc.

has acquired

Bentley Mills, Inc.

The undersigned initiated this transaction and
acted as financial advisor to Interface, Inc.

Finance Authority

5 3/4% Environmental Revenue Bonds
Series 1993B Due 2028

PSI Energy, Inc.

Price 97 3/8%

The undersigned acted as a co-manager
in the public offering of these securities.

Zeigler

Zeigler Coal Holding Company

has acquired

Shell Mining Company

from



Shell Oil Company

The principals of the undersigned acted as financial
advisor to Zeigler in this transaction.

Eastman Kodak Company

has sold its wholly owned subsidiary

Dayton Operations, Inc.

to

Scitex Corporation Ltd.

The undersigned acted as financial advisor to
Eastman Kodak Company in this transaction.



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MONDAY, JULY 26, 1993

The Washington Times

EDITORIALS
PAGE E2

COMMENTARY

DONALD LAMBRO TONY SNOW

When the scandal shoe pinches . . .

Once again, the Democratic-controlled Congress has been tarred by scandal and corruption. This time it involves a former House employee who pleaded guilty to helping several Democratic lawmakers embezzle money from the House Post Office.

Harry Truman, who set an example by using his own postage stamps on his personal correspondence while in the White House, must be rolling in his grave.

A number of people have been implicated in the scandal. But the political bombshell that stunned Democratic leaders most of all came from the former House postmaster, Robert Rota, who implicated Ways and Means Committee Chairman Dan Rostenkowski, Illinois Democrat, as one of several congressmen who allegedly bilked taxpayers out of thousands of dollars.

The charges could not come at a worse time for the Democrats and for Bill Clinton as they struggle to persuade a majority of their own party to support the president's controversial tax-and-spend package and to show the nation they can govern.

The White House, saddled with a weak and inexperienced legislative lobbying staff, has been counting on the veteran chairman of the tax-writing committee to overcome the obstacles before them and to help hammer out a budget bill in conference committee that can win final approval in the House and Senate.

No formal charges have been brought, but a grand jury is hearing evidence and had subpoenaed the Chicago Democrat last year to give testimony. He flatly refused, vowing to use the Fifth Amendment against self-incrimination if forced to appear.

If Rep. Rostenkowski is indicted, he would be forced under House rules to give up his chairmanship and thus would lose the essence of his political power.

That puts President Clinton and Democratic congressional leaders in a very awkward political situation as they fight to win support for a budget bill among rank-and-file Democrats, many of whom have deep doubts about its impact on the economy and deeper insecurities about its impact on their political careers.

A tax bill that polls show is strongly opposed by a majority of Americans has, perhaps, even less credibility when it is being crafted and pushed through the legislative process by politicians whose ethics and honesty are being questioned by the criminal justice system.

The widening post-office scandal, which has been under investigation for the past two years, is but the latest in a long list of corruption

see LAMBRO, page E4

Donald Lambro, chief political correspondent, of The Washington Times, is a nationally syndicated columnist.

Democrats and Republicans in the House of Representatives really tore into each other on Thursday. Republicans wanted to release the full contents of a year-old investigation into corruption at the House Post Office; Democrats did not.

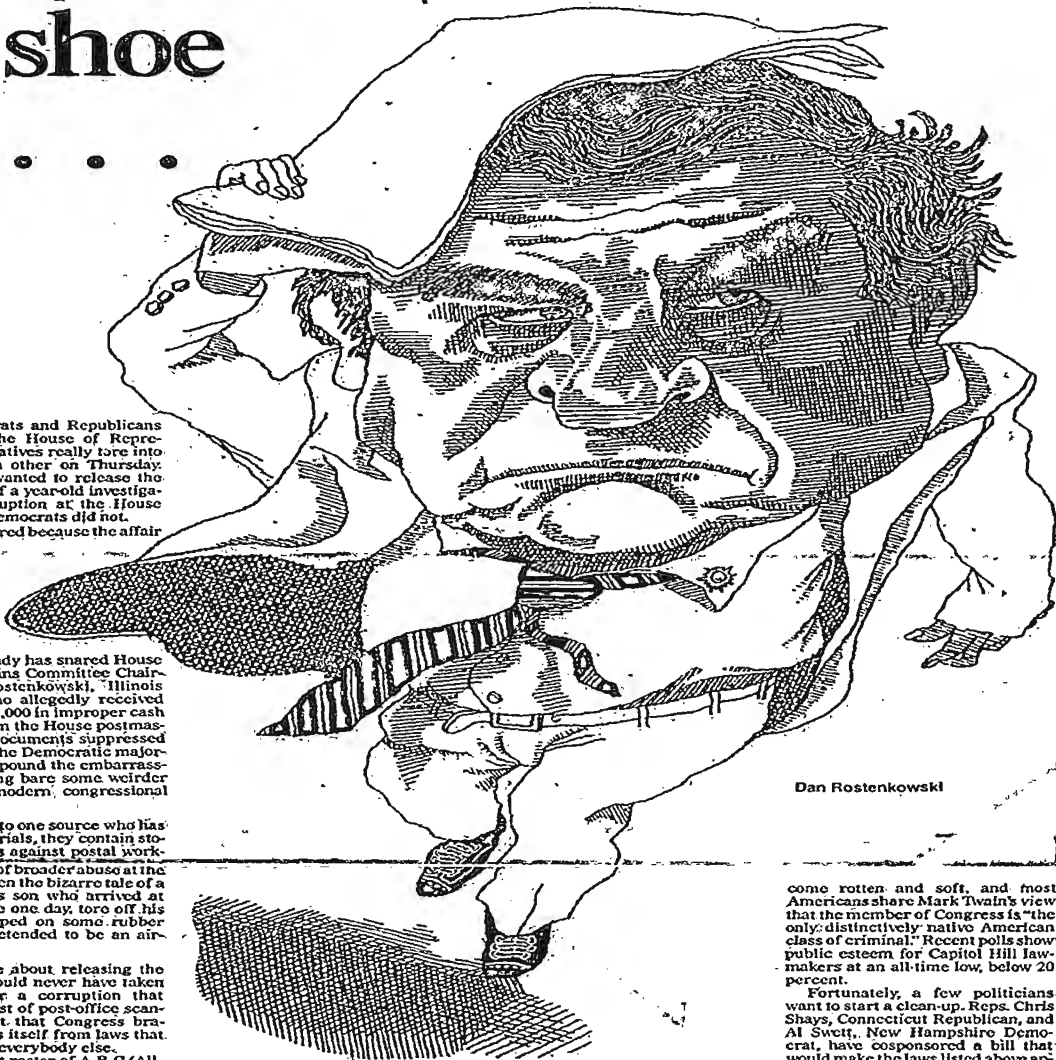
Tempers flared because the affair contains all the sordid essentials of scandal: money, power, nepotism, threats, betrayal and deceit. It already has snared House Ways and Means Committee Chairman Dan Rostenkowski, Illinois Democrat, who allegedly received more than \$21,000 in improper cash payments from the House postmaster. And the documents suppressed last week by the Democratic majority could compound the embarrassment by laying bare some weirder aspects of modern congressional life.

According to one source who has seen the materials, they contain stories of threats against postal workers; evidence of broader abuse at the post office; even the bizarre tale of a congressman's son who arrived at the post office one day, tore off his clothes, strapped on some rubber bands and pretended to be an airplane.

The debate about releasing the documents would never have taken place but for a corruption that dwarfs the host of post-office scandals: The fact that Congress brazenly exempted itself from laws that it imposes on everybody else.

The present roster of A-B-C (All-But-Congress) laws includes:
The Social Security Act;
The National Labor Relations Act;
The National Labor Standards Act;
The Civil Rights Act of 1964;
The Age Discrimination in Employment Act of 1967;
The Occupational Safety and Health Act of 1970;
The Freedom of Information Act;
Title IX of the Education Amendments of 1972;
The Rehabilitation Act of 1973;
The Privacy Act of 1974;
The Age Discrimination Act of 1975;
The Ethics in Government Act of 1978;
The Independent Counsel Act;

Tony Snow is a columnist for the Detroit News.



Dan Rostenkowski

come rotten and soft, and most Americans share Mark Twain's view that the member of Congress is "the only distinctively native American class of criminal." Recent polls show public esteem for Capitol Hill lawmakers at an all-time low, below 20 percent.

Fortunately, a few politicians want to start a clean-up. Reps. Chris Shays, Connecticut Republican, and Al Swift, New Hampshire Democrat, have cosponsored a bill that would make the laws listed above apply to Congress; Republican Sens. Charles Grassley of Iowa and Don Nickles of Oklahoma have sponsored a similar measure in the Senate.

These reforms seek to restore the bond between lawmakers and the law, and to highlight a fundamental principle of American democracy—that ours is a system of laws and not men. Unfortunately, leaders in both houses so far have consigned the bills to the memory hole.

The lawlessness of today's lawmakers is indefensible, a far more grotesque abuse of public trust than any single scandal. If members of the House and Senate want to earn the title of "honorable," they should retrieve the Shays-Swift and Grassley-Nickles bills from oblivion and pass them before they do anything else. That, at least, would prove politicians have learned that, as far as the law is concerned, they're no different than the rest of us.

The Americans With Disabilities Act of 1990;
The Family and Medical Leave Act of 1993.

If politicians had to obey the Freedom of Information Act, the contents of last year's investigation would be public and members could devote themselves to cleaning up the mess rather than denying it.

But that's the point: Denial has become a way of life on Capitol Hill. Rather than acknowledging the burdens of, say, the Family and Medical Leave Act, legislators write themselves out of the law and let others deal with the consequences.

Permanent incumbency has corrupted Congress, slowly and by degrees. First, members exempted themselves from laws. Then they granted themselves favors: a post office, gymnasiums, free mailing privileges, chauffeured limousines for

leadership, parking privileges, larger staffs, campaign slush funds. With each change came a shift in habits, a period of adjustment and a new moral atmosphere. Eventually, members rationalized their perks as essential tools for doing the people's business.

When the Bush administration proposed applying conflict-of-interest statutes to congressional staffers several years ago, a leading member of Congress explained to then-White House Counsel C. Boyden Gray why politicians would never accept the change. "That would be horrible," he said. "To impose criminal liability on our staff for conflicts of interest would be an unconstitutional infringement on our constitutional duty to represent the special interests."

So now the entire system has be-

LAMBRO

From page E1

scandals in recent years that has turned the House of Representatives into a house of disrepute.

First, Speaker of the House James Wright of Texas, then Democratic Whip Tony Coelho of California were forced to resign in the face of serious ethical questions about their finances. Then came the House restaurant scandal in which many lawmakers never paid for their meals. Then the withering House-

bank scandal, or "Rubbergate," in which dozens of lawmakers were found to have huge overdrafts on their accounts, sending a number of them down to electoral defeat. And now the post-office scandal involving cash in exchange for official expense vouchers for postage stamps.

There will be calls for administrative reforms to fix the problem. But does anyone trust the Democrats to clean house, especially after the Democratic-run House Administration Committee found no wrongdoing when it first looked into the case?

Yet this is, in many ways, less a

scandal about the way the House operates than it is a scandal arising from four decades of one party rule, with all of the attendant patronage, favors, backroom deals and cozy perquisites for people in power.

And it is likely to become the new war cry for Republicans who have been unable to politically convert past congressional scandals into a broad-based national movement to break the Democrats' lock on the House.

The gauntlet was thrown down last week by House GOP leaders who sense that perhaps this time the American people have had enough

and are willing to sweep the old political power structure out of Congress.

"Democrats have proven once again that power corrupts and absolute power corrupts absolutely," said Texas Rep. Dick Arme, the chairman of the House Republican Conference. "After 40 years of uninterrupted House rule, it's sad, but not surprising, that Democrats don't realize it's wrong to chisel taxpayers out of thousands of dollars in stamp money."

If indictments are handed down, as many expect they will be, it will be said that the Democratic majority that controls and runs Congress

should not be punished because of the misdeeds of the few. But that is the argument that has been used over and over again as the House has lurched from scandal to scandal over the past half-dozen years — abusing the public trust, wasting the people's tax dollars and piling debt upon debt.

This isn't just about Dan Rostenkowski and a few other lawmakers who may have gotten caught with their hands in the till. It is about the arrogance of power and a politically encrusted branch of government that needs a thorough, top-to-bottom scouring by the American voters.

580-WF-180673 Sub N-92

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Date: 7/26/93

Edition: WASHINGTON TIMES

PLATE BLOCK
00:WF

Title: 58C-WF-180673

Foley insists probe papers in

By Carol Innerst
THE WASHINGTON TIMES

House Speaker Tom Foley insists there are no documents missing from last year's congressional probe of the House post office and says he supports full release of the documents after the criminal investigation is done.

"We're going to cooperate fully and entirely — fully and entirely — with the U.S. attorney's office in seeing that all documents available that are proper to their investigation be released," he said on CBS' "Face the Nation."

"I have no knowledge of any missing documents, but certainly we're going to allow the U.S. attorney to make another review ... to ensure that there are no missing documents, and I've pledged my cooperation," he said.

"But while the U.S. attorney asked, for the effectiveness of the administration of justice, that they not be released, we ought to abide by his recommendation, and we're going to do that by a vote in the House," he said.

The latest allegations in the House post office scandal link Rep. Dan Rostenkowski, chairman of the House Ways and Means Committee and a key player in pushing President Clinton's budget proposal through Congress, to the grand jury probe of money laundering and embezzling from the post office.

Former House Postmaster Robert V. Rota pleaded guilty Monday to misdemeanor charges in connection with the case. Court papers say he helped two officials identified as "Congressman A" and "Congressman B" embezzle tens of thousands of dollars from the post office, which has since been shut down.

Nearly \$21,000 worth of vouchers used by "Congressman A" to convert stamps to cash correspond by date, amount and description to vouchers listed in House records from Mr. Rostenkowski's office.



Officials say Rep. Dan Rostenkowski is not distracted by link to Hill scandal.

Mr. Rostenkowski has not been publicly named as a suspect by investigators nor has he been charged with any crime.

At a news conference Saturday, he declared that he is "innocent of any wrongdoing" and said he has hired

Bob Bennett, a lawyer experienced in white-collar crime, and his partner, Carol Rauh, a former U.S. attorney, to represent him in a "pending criminal investigation."

House Republicans tried to force public disclosure last week of all

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Ex-Post Office Aide Tees Off on Rosty

Although Mary C. Bowman was a loyal and trusted House Post Office employee, she said her bosses still became agitated when she saw Rep. Dan Rostenkowski's golf clubs being boxed for shipment by Express Mail at taxpayer expense.

"I was amazed when I saw the golf clubs," Bowman said in an interview Monday. "It was only one time that I saw them, but I understood it was a very frequent thing. They were very upset that I saw it."

Bowman, 72, who lives in the Washington suburbs, was referred to in federal court documents last week as the unnamed "Employee No. 1" who helped former House Postmaster Robert V. Rota pass cash to a "Congressman A," who sources say is Rostenkowski (D-Ill.), and others.

She said she can back up Rota's story that she helped him exchange cash for stamps from congressmen, but she said she does not know which congressmen received the money.

Bowman, who started as a counter clerk and worked her way up to supervisor of accounts before retiring 32 years later, controlled the money in the House Post Office. She said she has cooperated with federal prosecutors in an investigation of what they have described as the embezzlement of tens of thousands of dollars by congressmen.

Bowman said Rostenkowski's status as a friend of Rota was well-known in the post office. "When Rostenkowski called down to that office, Bob [Rota] jumped. That was Rostenkowski with everybody. When he spoke, you jumped. You just asked, 'How high?'"

Still, Bowman said, she was surprised when she saw Rostenkowski's golf clubs being prepared for shipment by Express Mail. "I saw Joanna [G. O'Rourke] doing it and they were very upset that I saw it."

O'Rourke, the former post office chief of staff, was indicted last September for conspiracy and embezzlement. One allegation was that she sent personal packages at taxpayer expense for herself and for a congressman.

Rota had set aside an account to pay for overnight delivery of packages "relating to the official business of the House Post Office," according to the indictment of O'Rourke.

O'Rourke is cooperating with investigators under a plea bargain. A source familiar with her account said she has identified Rostenkowski as a congressman who often used the Express Mail service for personal packages.

An internal House investigation of the post office found that Rostenkowski was the most frequent user of the Express Mail account, sending at least 33 packages during a two-year period. Without finding wrongdoing by any congressman, the task force noted that \$99,676 was billed to the Express Mail account from 1988 to 1991.

Bowman confirmed she has been before a federal grand jury and told she should expect to be called back. Unlike some witnesses in the post office probe, she has not been granted immunity from prosecution. She said she hasn't hired a lawyer, thinking she had done nothing wrong.

"I found out now maybe I did do some things wrong," she said, referring to last week's guilty plea by Rota.

"Bob would bring [congressmen's] stamps to me. I would give him the money. I never knew who gave him the stamps, but if they gave him the stamps they wanted something back ... [Rota] would say, 'The members want it kept secret, Mary. This is between you and I.'"

Rostenkowski has not been charged with any crime and he adamantly proclaimed his innocence after he was linked to the embezzlement scheme in court documents. His lawyer, Robert Bennett, said he would have no comment on Bowman's allegations.

Bowman said she never suspected Rostenkowski of receiving cash that she gave Rota in exchange for stamps.

(Indicate page, name of newspaper, city and state.)
Page 8
Chicago Sun-Times
Chicago, Illinois

Date: July 27, 1993
Edition: Late Sports Final

Title: EX-POST OFFICE AIDE
TEES OFF ON ROSTY

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

58C-WF-180673 Sub N-93

7/27/93
JUL 2 1993
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Rosty Gets Lift From President, Other Dems

Rep. Dan Rostenkowski got a symbolic lift Monday night when President Clinton flew the embattled Chicago Democrat back to Washington aboard Air Force One.

Capping a daylong visit to Chicago, Clinton attended a \$5,000-a-ticket Democratic National Committee fund-raiser at the Chicago Historical Society that drew a Who's Who of the city's political and business movers and shakers.

Clinton was careful in his comments about Rostenkowski during an earlier press conference, mindful the House Ways and Means Committee chairman is a key negotiator for his budget and tax package.

Rostenkowski is under investigation by federal prosecutors in an embezzlement scheme in the House Post Office, but no charges have been filed against him and he has denied any wrongdoing.

"I really can't comment on something that hasn't happened," Clinton said. "I think it would be irresponsible ... for me to do that. I'm a public official. I don't know what the facts are. We'll just have to see what happens."

Inside the fund-raiser, Clinton said: "The most important person in my political party is the chairman of the Ways and Means Committee, Dan Rostenkowski." The crowd cheered.

As he hustled into the fund-raiser at 1601 N. Clark, Rostenkowski declined to talk to reporters.

Other local politicians were less taciturn.

"They need him [Rostenkowski] in this budget," Mayor Daley said. "He's handled it well. I think he believes in himself and what he's doing."

Sen. Paul Simon (D-Ill.) defended Clinton's decision to give Rostenkowski a lift aboard Air Force One.

"I think he is following a process we have in this country, assuming people are innocent until proven guilty," said Simon.

Sen. Carol Moseley-Braun (D-Ill.) joined Clinton and Rostenkowski for the Monday night flight on Air Force One.

Chicago Ald. Edwin Eisendrath (43rd) said Rostenkowski "is doing a pretty effective job for us here in this district and for the president. I wouldn't be in any hurry to make the guy a lame duck."

From the business side, Clark Burrus, CTA chairman and senior vice president of the First National Bank of Chicago, downplayed any symbolic significance of the flight.

"He can go back on Air Force One or the Greyhound, that's up to him and whoever makes those kinds of decisions," he said.

A White House spokesman said Rostenkowski had been slated for the trip since before stories broke last week implicating him in the post office scandal.

Rostenkowski was the only member of the state's House delegation to attend the Democratic event, but he passed on chances earlier in the day to stump with Clinton for the administration's economic plan.

Inside the fund-raiser, Rostenkowski received a healthy share of hugs and kisses as the city's business and political elite munched their \$5,000 dinners, mingled and made small talk.

William Daley, the mayor's brother and fund-raiser chairman, gave estimates of the committee's haul ranging from \$900,000 to \$1.1 million.

"Obviously, it's a very substantial show of support as far as the president is concerned," said former Democratic gubernatorial candidate Neil Hartigan.

(Indicate page, name of newspaper, city and state.)
Page 7
Chicago Sun-Times
Chicago, Illinois

Date: July 27, 1993
Edition: Late Sports Final

Title: ROSTY GETS LIFT FROM
PRESIDENT, OTHER DEMS

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Submitting Office: Chicago

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At the gala, Dan Fabrizio, President of Local 2 of Chicago Firefighters Union, gave Clinton a fire helmet and told him "to put it on when things get hot" trying to push his budget through.

In the cheaper seats—across the street from the fund-raiser—a crowd of about 70 demonstrators protested Clinton's stand on abortion and his retreat from lifting the ban on gays in the military.

Placards read: "No one enlists to get a date," "Be all you can be in the closet," and "Slick: unfair to the unborn."

Joseph Scheidler, executive director of the Pro-Life Action League, said: "This man is our nemesis."

Pro-choice advocates chanted, "Say 1-2-3-4-5, Keep Roe Vs. Wade Alive. 6-7-8-9-10, We'll never go back again!"

58C-WF-180673 N-94

SEP 2 1993

(Indicate page, name of newspaper, city and state.)
 Page 23
 Chicago Sun-Times
 Chicago, Illinois

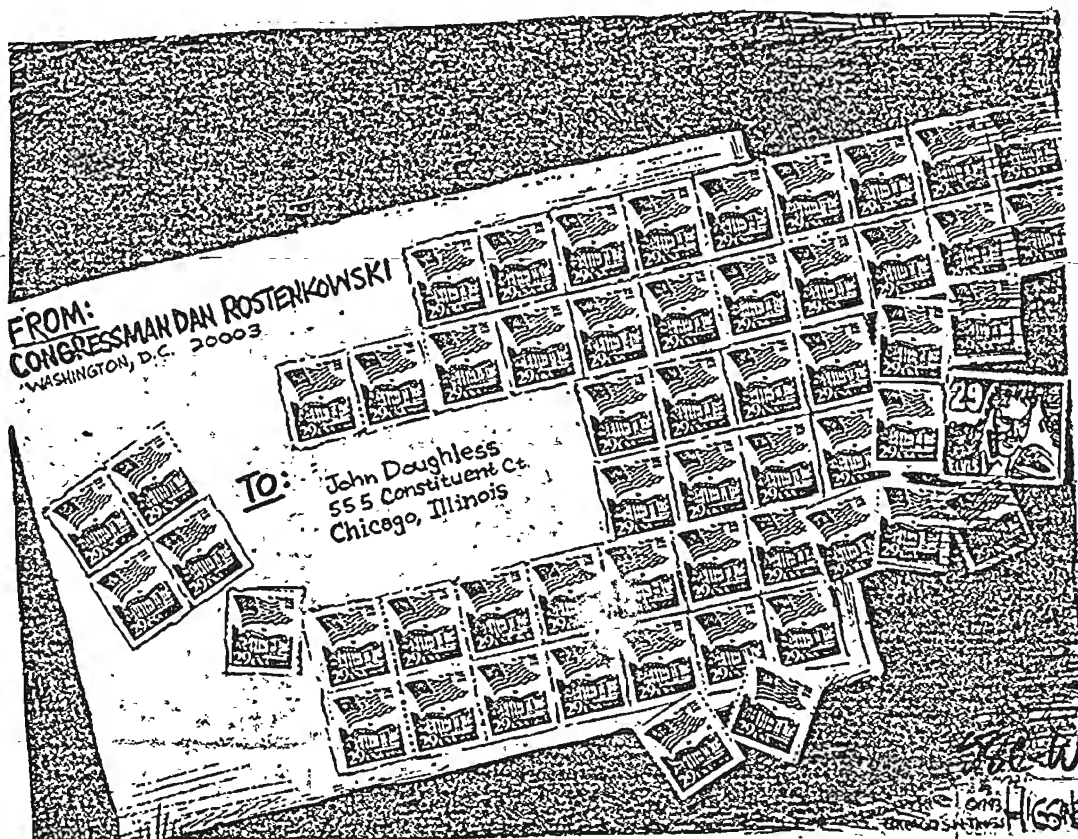
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SEP 2 1993
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THE WALL STREET JOURNAL

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58C-WF-180673

REVIEW & OUTLOOK

House of Cards

Two lessons in what passes for ethical candor in the modern Congress: House Ways and Means Chairman Dan Rostenkowski called a press conference Saturday to proclaim his innocence in the House Post Office scandal, then walked out without answering any press questions. Meanwhile, Speaker of the House Tom Foley announced Sunday that he was severing ties to an investment adviser/friend who had earned him \$100,000 over four years investing in hard-to-come-by stock offerings.

Mr. Rostenkowski added nothing to what he said a year ago, when he was so adamant that nothing was amiss that he and two Congressional colleagues said they were going to exercise their Fifth Amendment rights and decline to testify. "The subpoenas for us are the product of an overall fishing expedition in an election year," they wrote to the Republican-appointed U.S. Attorney, Jay Stephens. "We decline to lend any credence to an inquiry that lacks credibility and should be promptly closed." They were backed by the House leadership, which sponsored a task force that found nothing amiss. "There was not credible evidence that any Member of the House of Representatives violated any rule of the House or any laws," declared Charlie Rose, chairman of the House Administration Committee. Mr. Rostenkowski claimed "total exoneration."

A year later the election is over and an incoming Democratic administration took the unprecedented step of announcing the dismissal of all U.S. Attorneys. But the Post Office investigation continued under a career prosecutor, interim U.S. Attorney Ramsey Johnson. The former House Postmaster, Robert Rota, has now copped a plea while accusing Mr. Rostenkowski and a former Congressman

of embezzlement. Another witness, former Rostenkowski aide James Smith, is quoted as saying Mr. Rota told him that he had swapped stamps for cash for Mr. Rostenkowski. The Ways and Means Chairman simply repeats his imperious denials.

Indeed, Mr. Rostenkowski is being treated within the Beltway almost as a figure of sympathy, a man trapped between old patronage and new ethics. Why would he care about a mere \$21,000 in Post Office cash? Yet a profile of the chairman's finances in the June 5 Congressional Quarterly reveals a man who long ago blurred all distinctions between his private and public lives, between personal and campaign income. In only the first two-and-a-half months of 1990, CQ reports, Mr. Rostenkowski charged his campaign and a PAC he controls \$4,837 for restaurant dinners alone.

As for Mr. Foley, he too dismissed reports about his sweetheart stock purchases when they first came to light in 1988. He did so again last month when they were expanded upon by Roll Call. Only after this page publicized them, amid Chairman Rostenkowski's problems, did the speaker take action to limit his profits. Mr. Foley now says he's severing ties with friend Peter de Roeth to preserve "the integrity" of his office. Yet this still leaves open questions about the motives of the big investment banks who issued "hot stocks" to Mr. de Roeth, who could then pass them along to Mr. Foley.

Now, both Mr. Rostenkowski and Mr. Foley must be presumed innocent, but does anyone doubt what political uproar there'd be if similar events surrounded, say, someone in the Reagan White House? A special prosecutor would already be empaneled, amid cries of "coverup." Indeed, in the House Post Office investigation, the U.S. Attorney's office has already asked about files that are missing from records turned over to prosecutors, including Mr. Rota's correspondence. We are waiting for someone to compare this to Fawn Hall's "shredding" of documents for Ollie North.

And if these were Republican White House officials, the record would be scoured for possible criminal violations. Mr. Foley never bothered to report that his investment adviser waived a usual 1% advisory fee that he now says he'll pay retroactively; was this an improper gift under House rules? This, after all, is a standard that Mr. Foley and his fellow Democrats have enforced for others. They unleashed "special prosecutors" on their enemies, then went on TV to expound on public "integrity."

We would like to see further investigation. How many other Congressmen got hot stocks, for example? But who would conduct such an investigation? We scarcely need another Congressional self-whitewash like Mr. Rose's Post Office "task force." The SEC is beholden to Congress for its budget. With the administration beholden to both Mr. Foley and Mr. Rostenkowski for its budget deal, would Webster Hubbell at Justice head the probe?

Well, Mr. Johnson could show that the fix isn't in by actually requiring Mr. Rostenkowski to appear before the grand jury and take the Fifth in person, an unpleasantness he was spared by Mr. Stephens. Meanwhile, the citizens of the nation can ponder whether our system has somehow bred a new aristocracy, whether the kings of Congress consider themselves above the law.



Dan Rostenkowski



Speaker Foley

58C-WF-180673 Sub N-96

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Chicago Tribune

FOUNDED June 10, 1847

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Wednesday, July 28, 1993

McNEIL Chicago Tribune

The Scarlet Letter

WITH
DAN ROSTENKOWSKI
as
CONGRESSMAN "A"



58C-WF-180673 Sub N-97

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WALL ST. JOURNAL

Date: PLATE BLOCK

Edition: 58C-WF-180673

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THE WALL STREET JOURNAL WEDNESDAY, JULY 28, 1993

Real Danger In Rosty Affair Is Prosecutor Abuse

By ALBERT R. HUNT

WASHINGTON—Jay Stephens was more omnipresent here last week than David Gergen or Newt Gingrich.

Tuesday night he was on ABC's "Nightline," predicting that Rep. Dan Rostenkowski would be indicted on an alleged cash-for-stamps scandal; he also charged that the sum of money involved was much larger than had been reported. The next night he appeared on CNN's "Crossfire" to peddle a similar line.

Then, on Thursday, Mr. Stephens privately huddled with congressional Republicans and staffers, as the GOP unsuccessfully sought release of still-secret testimony from last year's House probe into the Rostenkowski matter; the current U.S. attorney opposed the release, warning it could jeopardize his investigation. This might all be perfectly routine if Jay Stephens were an elected official or even a political strategist. He's neither.

Instead, he's the former U.S. attorney for the District of Columbia who launched the Rostenkowski investigation several years ago. He's also an aspirant for the Republican Senate nomination in Virginia next year. There's a very clear correlation between these two facts.

"Jay Stephens's comments were inappropriate for any former prosecutor; it was outrageous and unprofessional," charges Joseph di Genova, who served as the U.S. attorney here under President Reagan. "Former U.S. attorneys shouldn't be running around politicizing cases." Stephens also was talking about information he got from the investigation; that should never pass from the lips of a former U.S. attorney when a case is still under investigation.

(Mr. di Genova represented Rep. Austin Murphy, once a target of the same investigation, but apparently no longer.)

Whatever the Rostenkowski case says about political mores, it also says a lot about prosecutorial abuse. In what is an increasing pattern in these cases, Mr. Stephens and other prosecutors have engaged in a pattern of leaks and innuendo aimed at undermining someone who has yet to be charged.

Last December, for example, three of Rep. Rostenkowski's aides were subpoenaed to appear before a grand jury; within a week, this was reported by the Associated Press. Earlier last month his daughters were subpoenaed to testify in the grand jury probe. The substance of what they were asked soon surfaced in the Chicago papers. There were only three possible sources: the daughters, their lawyers or the government. The odds that it wasn't the latter are somewhat greater than the New York Mets' chances of winning the World Series.

The most egregious abuse came this week, fittingly from Mr. Stephens. When asked about using privileged information to discredit his old target, the former U.S. attorney first asks to talk "off the record." When turned down, he then insists he never prejudged Mr. Rostenkowski.

Here, Mr. Prosecutor, is what you said on "Nightline," when asked by Ted Koppel if an indictment of the congressman was inevitable: "My sense is it's simply a matter of time at this point." That's not prejudging?

Then when asked why the powerful lawmaker would commit a crime for the reported meager \$21,000, Mr. Stephens insisted the actual amount might instead range as high as "hundreds of thousands of dollars." In an interview Mr. Stephens insists he wasn't using information he gathered as prosecutor of this case before he was replaced this spring. Instead, he claims that his statement was based on magazine and newspaper articles; even if true, he probably leaked a lot of that information in the first place.

Mr. Stephens attributes Mr. di Genova's criticism to bad blood between the two former Republican U.S. attorneys. Yet other criminal-law experts concur. "Stephens's conduct was highly irresponsible," says Seth Waxman, a knowledgeable criminal defense lawyer. When Mr. Stephens is asked to suggest a legal expert to defend his actions, he can't.

Mr. Stephens, who clearly has been using information collected while on the public payroll, is skating on ethical and perhaps even legal thin ice. By law, the Justice Department says disclosures in criminal cases "should include only incontrovertible, factual matters and should not include subjective observations." The Washington bar forbids a prosecutor from "extrajudicial comments which serve to heighten condemnation of the accused."

I've covered Danny Rostenkowski for more than 20 years; I like him. Yet I'm ambivalent. One can't but be struck when former patronage pals, such as House Postmaster Robert Rota, say



Dan Rostenkowski

they paid off the powerful lawmaker—even if they're saying it to save their own skins. And as David Rogers and Jeffrey Birnbaum reported in the Journal last week, Rep. Rostenkowski is a product of an old school of politics that tolerated many practices that are deemed unacceptable today.

But it's also puzzling why this very smart politician would have risked everything for such penny-ante stuff. Moreover, last year Mr. Rostenkowski could have retired, walking away with over \$1 million in leftover campaign contributions and, as a former congressman, almost surely escaping any prosecution in connection with the post office.

But there's a larger issue here more disturbing than his guilt or innocence: Mr. Stephens and his cronies have systematically sought to poison the environment for Rep. Rostenkowski to receive a fair hearing. That threatens Danny Rostenkowski. It also threatens me and you.

Mr. Hunt is the Journal's Washington bureau chief.

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ARLINGTON

Fort Worth Star-Telegram

FRIDAY, JULY 30, 1993

Arlington, Texas ★ Arlington's Only Daily Newspaper

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A man of principle

Lawyer walked straight and narrow as others in House Post Office bowed to scam

By STEPHEN W. HUBER
 AND LAURA VOZZELLA
 Fort Worth Star-Telegram

ARLINGTON — His family and friends know Arlington lawyer Paul Tomme as a principled man who plays by the rules and thinks before he speaks.

His sister says he was born a grown-up, a stick in the mud.

"We used to tease Paul about being born 30 years old because he was always so grown up," said his sister,

Mildred Jane Stanbery, 37, of Fort Worth.

But she said yesterday that she has grown to appreciate that quality.

"He just never seemed to make the mistakes that we did or fall into the childhood problems that I did," Stanbery said. "He's mature beyond his years."

Mature, and unusually honest, if federal investigators looking into a House Post Office postage stamp scam are to be believed. For two years, recently released federal reports indicated, a scam involving House

members in which postage stamp vouchers were converted to cash was stalled because Tomme, a new supervisor of accounts at the time, couldn't be trusted to assist the scheme.

Tomme's former boss, Robert Rota, the former head of the House Post Office, recently pleaded guilty to embezzlement and conspiracy in connection with the scam.

"I've never been glad before to be called untrustworthy," Tomme said. (More on TOMME on Page 20)



Fort Worth Star-Telegram / BRUCE MAXWELL

Friends and relatives say lawyer Paul Tomme plays by the rules and thinks before he speaks.

Tomme

From Page 1

thy, but I guess in this instance I am," Tomme said yesterday.

Were it up to him, the friends and family of the 34-year-old Fort Worth native might be the only ones who know that. But he has been thrust into the limelight for something investigators say he did not do: cheat the taxpayers when others about him allegedly did.

"There's a certain amount of coincidence to this," Tomme said. "I didn't ask for this kind of limelight. The post office job is what triggered all of the publicity."

The revelation that Tomme was apparently above the corruption that riddled the office — if published accounts and Rota's statements can be believed — confirms what friends and relatives already knew: Tomme is considered an honest man.

Arlington Mayor Richard Greene, who met Tomme after he joined the law firm of Cribbs & McFarland in 1990, said the revelations also confirmed what he already knew.

"His integrity and straight-arrow character is immediately obvious," Greene said. "You only have to know him a little while to realize he is a no-nonsense type of guy."

Tomme declined to speak specifically about the House Post Office. But in no uncertain terms, Tomme distanced himself from any scandal, or even knowing that one existed. He said no one ever asked him to do anything illegal while he was there.

"No one ever did — no congressman, no officer [of the House], nobody," he said. "I was fortunate enough to work under the sponsorship of Jim Wright, who never would have asked me to do something like that."

Tomme said he would have "summarily refused" such an offer had one been made. That notion was no surprise.

"He didn't take a lot of discipline," said Tomme's mother, Barbara, 71, of Fort Worth. "He played by the rules. Whatever the school rules were, whatever the house rules were."

Tomme (pronounced Tommy) was born Aug. 20, 1958, to Barbara and J.D. Temme, a dentist and local Democratic heavyweight. It was his father's political ties to and friendship with Fort Worth politicians and future House Speaker Jim Wright and Rep. Olin "Tiger" Teague that originally led Paul Tomme to Washington.

He admits that he got the job from Teague as a political favor because his father had actively campaigned for Teague.

"I loved it," Tomme said. "I caught a serious case of the Potomac fever. The internships are great things for a college student."

He heard Sens. George McGovern, Howard Baker and Edward Kennedy speak and met Rep. Thomas "Tip" O'Neill. He watched both House and Senate sessions in action. The experience was a boost to the ego of the then-teen-age Texan.

"I don't deny that. It's pretty heady stuff for a 19-year-old, for anyone who's interested in politics," Tomme said.

Tomme attended Tanglewood Elementary and McLean Middle School in Fort Worth before graduating in 1976 from Paschal High School. He ranked 286 in a class of 580, according to school officials. He got his undergraduate and law degrees from Baylor University in Waco and a master's degree in business administration from George Washington University in Washington, D.C.

Included in his curriculum during his high school years were four years of band (he played the trumpet), creative writing and an aviation course, which whetted his appetite for his true passion, flying.

He is licensed to fly single and multiprop planes and has flown about 400 hours so far. In a flash, he can recall his first solo flight.

"May 29, 1988," he said proudly. "Any pilot can remember the date of his first solo flight. All my life I've had an interest in flying."

His piloting skills have taken him to Colorado, various Texas destinations and even the Bahamas for scuba diving adventures.

"The whole purpose of flying is to get a different perspective of the Earth," he said.

Tomme, a quiet, cautious man, indulges in adventurous pastimes, such as flying rented airplanes to Midwest hunting expeditions and to Colorado for skiing. But there's no contradiction as far as Barbara Tomme can see.

"He pilots just like he lives: very methodically," she said, noting that he makes an exhaustive check of the airplane before takeoff. "You might as well not be in a hurry if you're flying with him."

Jim Maibach, a friend, flew home with Tomme in October after hunting for pheasants in Kansas.

"I feel safe with him because he is so conscientious about doing it by the book and the correct way," said Maibach, president of Young Men For Arlington, a political-civic organization to which Tomme belongs.

Tomme and his two siblings "grew up licking envelopes," their mother said, because their father, J.D. Tomme, served as Tarrant County Democratic chairman for several years.

Tarrant County Judge Tom Vandergriff remembers a young Tomme tagging along to civic activities with his father, who died in 1990.

"Even at a young age, he was certainly interested in government," said Vandergriff, who recalls discussing local and national events with Tomme when he was a teenager. "He did seem to be extremely well-read and well-informed. He's obviously very bright, very forthcoming, energetic. I, of course, would expect him to be of the highest character. I would call him simply an outstanding young man."

Lawyer Theodore Mack, whose Fort Worth law firm hired Tomme, described Tomme as a smart, hard-working lawyer who seemed bent on a career in public service.

"Government service seemed to be an ideal career for him," said Mack, who predicts that Tomme will move in and out of government work throughout his life. "He is scrupulously honest with a fine inherent sense of what's appropriate, moral and ethical."

Gordon Gray, a former appellate judge for whom Tomme worked, was especially taken with the young lawyer.

"Paul has tremendous integrity and intelligence," Gray said. "He's an industrious and a fine lawyer—a fantastic lawyer. I never have heard anyone say anything bad about

Paul."

The death of his father, particularly difficult on Tomme.

After leaving the House office job and a later one as with the House Banking Committee on Financial Institutions which investigated the savings and loan scandal, Tomme was to return to "Go Home" Texas, simply because of his family, enough of Washington to spend more time.

"Politics was it didn't want to do," he said.

His father died month before Tomme.

"It was a bitter Tomme said.

His general law

7/31/93

WASHINGTON TIMES

(Indicate page, name of newspaper, city and state.)

PLATE BLOCK

58C-WF-180073

(Mount Clipping in Space Below)

MIKE ROYKO

Stretch of the inglorious

Dan Rostenkowski is drawing the heat. But several other Chicago congressmen are nothing for the city to brag about.

Let's start with the new darling of the media and Washington liberals, Democratic Rep. Bobby Rush.

Mr. Rush is viewed as a glamorous figure because he was once a top Black Panther, the founder of the Illinois chapter of that scary organization.

But a grown man can't spend his whole life wearing a beret and talking tough. So he moved on to business and politics.

He went into insurance and says that he did quite well. And he became part of the Harold Washington movement and was elected to the City Council.

Now he is a member of Congress and is an intriguing figure because of his transformation from paramilitary radical to mainstream, establishment politician.

So his many admirers choose to ignore a part of his past that borders on the disgraceful.

For many years, Mr. Rush was a deadbeat. When he and his wife split, he was ordered to pay child support.

Maybe I am old-fashioned. No, not maybe. I am. So I believe that when you father children, you are financially responsible for them.

Apparently Mr. Rush does not share this view because he fell thousands and thousands of dollars behind. His wife would go to court, the judge would issue an order, and Mr. Rush would ignore it.

His wife had to live, so she went on public aid. That meant that Bobby Rush was letting the taxpayers support his family.

So eventually Mr. Rush was sued by the state for the thousands of dollars given to his wife.

Mr. Rush was not some ghetto illiterate, lacking job skills. He's a college graduate and, as he has boasted, was good at the insurance business. And few aldermen are poverty-stricken.

But he ducked his child support and let the taxpayers support his family.

Now he is a member of Congress, deciding how billions of dollars of other people's money should be spent.

If there is a congressional committee having to do with deadbeat daddies, he should be a member. He has the credentials.

Then there is Rep. Mel Reynolds, another Democratic newcomer. He has the distinction of being the only rookie on Mr. Rostenkowski's powerful Ways and Means Committee (also known as the Take It and Spend It Gang).

Mr. Reynolds also has an unusual background. He was born to a poor family in the South and grew up in public housing. But he hit the books, got through school and has the distinction of having been a Rhodes Scholar.

After various academic jobs, he ran for Congress against goofy Gus Savage and lost. But he kept at it and last year he won.

Mr. Reynolds has many admirable qualities, which he gladly recites at length.

However, he does have what might be considered a character defect. He doesn't like to pay his bills.

He's being sued by at least eight creditors for more than \$50,000. Judges have ordered him to pay up, but so far, the creditors say, he has ignored the court orders.

And what bugs the people to whom he owes money is that he hasn't even made an effort to work out some sort of payment plan.

One banker is quoted by the Associated Press as saying: "You have no idea how many lawyers we wore out chasing this man. He could have paid us off a dollar a week and we would have taken it. He's just ignored his responsibility."

He still owes \$14,000 for a student loan he used to attend Harvard.

A contractor wants \$12,000 for remodeling work he did on Mr. Reynolds' campaign office four years ago.

An airline says he stiffed them for more than \$9,000.

When a longtime adviser and

friend recently told Mr. Reynolds that he should pay his bills, Mr. Reynolds flew into a rage, told off the friend and slammed down the phone. They haven't spoken since.

In a more restrained mood, he told AP, "When you're an African-American... instead of people waiting to give you a chance to pay, they sue you!"

That's probably true. But if you are a Greek-American, a Polish-American or a Bulgarian-American and stiff the bill collector, you're going to get sued. That's just the nature of our economic system. People like getting paid for their goods or services.

As a matter of fact, if you fail to pay the new taxes that Mr. Reynolds' congressional committee has created, the IRS will not only sue you; they just might walk in and grab everything you own. And that will happen even if you aren't sure what goods or services are being provided by the federal government. And if you didn't order them in the first place.

Now that Mr. Reynolds is making \$133,600 a year as a congressman (President Clinton says that makes him one of the "rich"), he says he will soon get around to paying his bills. That's good. The rich really should pay their college tuition.

Finally, we have Rep. Luis Gutierrez, another Democratic alderman elected to Congress last year after a district was drawn that looked like a reptile, so Mr. Gutierrez could pick up enough Hispanic votes to win.

Mr. Gutierrez is part of a group that wants to erect a statue of Pedro Albizu Campos in Humboldt Park. The statue will be a symbol of Puerto Rican pride.

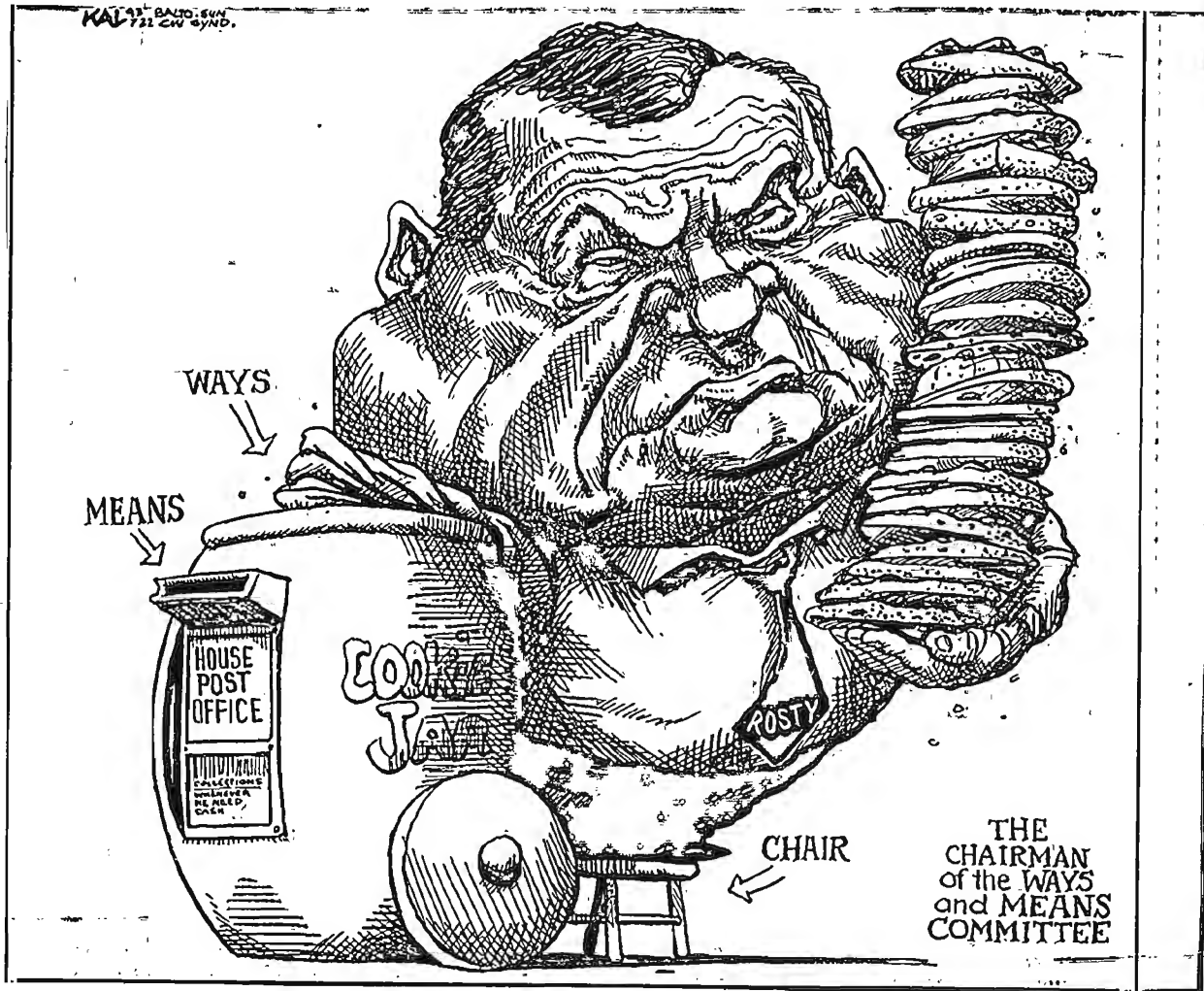
I believe in ethnic pride. But I'm not sure about the late Mr. Campos. True, he was a leader in the movement for an independent Puerto Rico, which is OK with me.

On the other hand, he was believed to be part of a plot to assassinate President Harry Truman and a shooting that wounded five congressmen.

Maybe they should put up a statue of Luis Gutierrez instead. At least he pays his bills.

Mike Royko is a nationally syndicated columnist.

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THE
CHAIRMAN
of the WAYS
and MEANS
COMMITTEE

(Indicate page, name of newspaper, city and state.)

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Date: 8/1/93
Edition: WASHINGTON TIMES
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PAGE B2 / SUNDAY, AUGUST 1, 1993 ★

The Washington Times

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The Post sets aside 12 years of standards of ethical conduct

There was smiling President Clinton in a photograph on the front page of the newspaper the week before last, and who should be sitting next to him but Rep. Dan Rostenkowski, a.k.a. "Congressman A"?

Congressman A, according to the government information filed along with the guilty plea of former House Postmaster Robert Rota, was on the receiving end of funds Mr. Rota embezzled for favored House members. Mr. Rostenkowski has emphatically denied any wrongdoing or ethical breaches, he has been charged with nothing, and he is certainly entitled to the presumption of innocence. But Mr. Clinton is the chief executive of the United States. Thus he is the boss of the boss of the people who will be prosecuting — or who will not be prosecuting — Mr. Rostenkowski.

58C-WF-180673 Sub N-100

SEP 2 1993

And Mr. Rostenkowski, as chairman of the House Ways and Means Committee, is the principal House negotiator in the conference reconciling Senate and House budgets. The president has a clear interest in getting an outcome closest to his liking as soon as he can. Mr. Rostenkowski has been carrying the administration's water, so much so that the leading Senate Democrat in the conference, Daniel P. Moynihan, complained that the House and the administration must be willing to compromise.

Now, do you really have to be a Republican — and thus on the receiving end of numerous conflict-of-interest charges and independent counsel investigations over the past 12 years — to think there is something wrong with this?

Maybe you do. The Washington Post, for example, has pronounced the process of this investigation "just fine." A July 21 editorial following the plea agreement with Mr. Rota said, "on the record so far, the Democratic Justice Department seems to be proceeding about as it ought to proceed with regard to this senior Democrat. Regular order, no pulling of punches." The editorial went on to muse about the independent counsel law, which expired last year, and the efforts to renew it and possibly make it applicable to members of Congress. "Can a party in power be trusted to prosecute its senior members in the legislative branch any more than the executive?" The current case is a kind of test, so far it confirms us in our view that the answer is yes, that the regular prosecutorial system can be trusted and the act should be limited to the executive branch."

Wow. All that vindication of the Democratic congressional leadership point of view just from a plea agreement with Mr. Rota — not an indictment of Mr. Rostenkowski; mind you, but of Mr. Rota.

Jay Stephens, the U.S. attorney for the District of Columbia before the purge of all U.S. attorneys conducted by Janet Reno shortly after she took office, has raised serious questions about the extent to which this investigation has proceeded according to "regular order" since he left. He has said that the case is months behind where it would have been had he been left to finish it.

In vindicating the Democratic administration, The Post does not even find it necessary to address what interest the administration might have in the timing of the case. The fact is that the utility of Mr. Rostenkowski to the administration is now very high. When the conference is finished with its work, that utility is diminished. Presumably, senior officials in the Justice Department — Mr. Clinton's appointees, that is — have reviewed the House post office case. And presumably these reviews have taken time, as the files spend a week on this desk and then a week on that desk. This is not to suggest that anything improper motivated these reviews, that they were deliberately dilatory. It is just rather difficult to imagine The Post taking so sanguine a view of a Republican administration that it would pass over such a matter without comment.

Now, we might wish to engage in an exercise of imagining a totally unscrupulous president (LBJ, only worse) and a totally unscrupulous congressman (pick any ABSCAM convict) in an analogous position. That president might indeed wish to embrace the congressman quite publicly. That would be the president's little reminder that the fate of the congressman rests in the hands of a president who might, just might, be willing to call off an indictment. Now imagine that the president isn't unscrupulous but the congressman is. Maybe under those circumstances the congressman bows and scrapes to do the bidding of the president in the mistaken view that the course of the investigation might change.

All of this is the sort of thing that used to occur all the time to The Post. No more. Demo-

crats, evidently, are just better people than Republicans.

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The Washington Times

★ SUNDAY, AUG

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TIME

THE WEEKLY NEWSMAGAZINE

8/2/93

TIME

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CONGRESS

THE TROUBLE WITH ROSTY

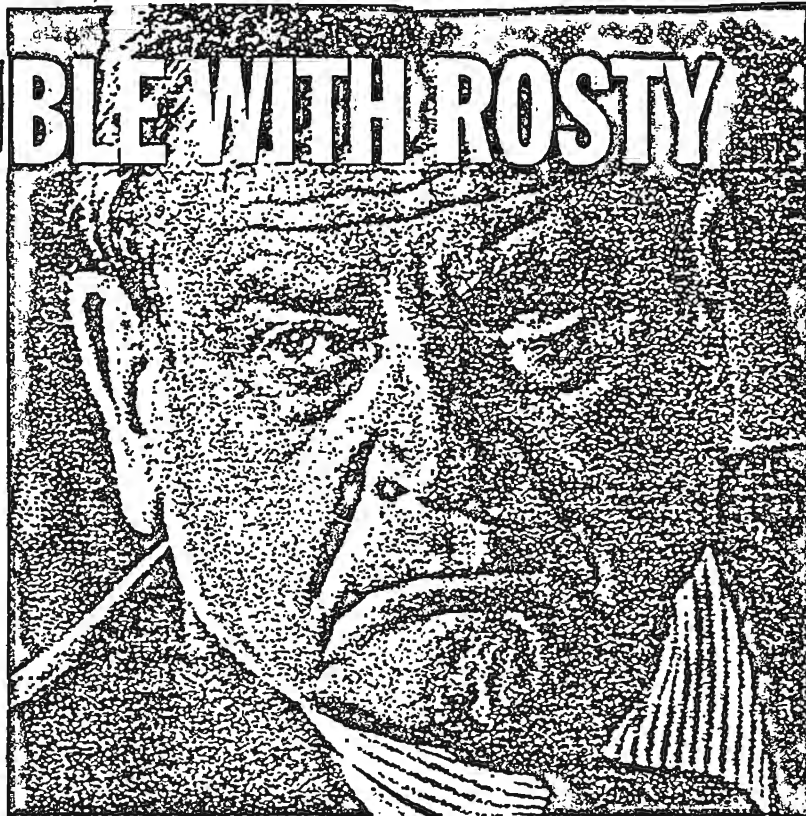
His post-office scandal could disrupt Clinton's legislative ambitions

By JOHN GREENWALD

MOLECULES STILL SHIFT WHENEVER Dan Rostenkowski walks into a room. Everyone looks up and shrinks a little to make space for one of the most powerful lawmakers in Congress. But while the chairman of the House Ways and Means Committee should be in his glory as he oversees the passage of President Clinton's tax bill, he is stuck beneath the darkest cloud of his career. The prospect that Rostenkowski may soon be indicted and stripped of his chairmanship has placed his ability to help Clinton in serious doubt. And the potential loss of Rostenkowski's deft political skills makes some Democrats fear that the rest of the President's legislative agenda could be in trouble. "We're worried about what happens down the road with health care, the North American Free Trade Agreement and all the other things we have to get through Ways and Means," a senior Administration official concedes.

The threat of prosecution grew more ominous for Rostenkowski last week, when a former House postmaster Robert Rota pleaded guilty to embezzlement and indicated that the 18-term Chicago Democrat had been involved. Rota said he had helped lawmakers illegally swap stamp vouchers for cash for nearly 20 years. While he named the most prominent offenders only as Congressman A and Congressman B, sources close to the prosecution identified Congressman A as Rostenkowski and Congressman B as former Pennsylvania Representative Joe Kolter, who was defeated last year. Rota indicated that Rostenkowski had used vouchers to embezzle \$21,300 over a six-year period, but it remained unclear whether the money was used for office or personal use. Separately, federal investigators are still probing charges that Rostenkowski converted hundreds of thousands of dollars in campaign funds to his personal use, partly by cashing the checks at the post-office window. Asserted Rostenkowski at a Saturday press conference: "I have engaged in no illegal or unethical conduct. I'm frustrated and angry at these allegations."

The disclosures rattled Rostenkowski's colleagues and constituents. While the Ways and Means chairman often comes off as gruff and arrogant on camera,



The 18-term Chicago Democrat faces a possible indictment in the autumn of his career

he is a Washington institution. "By golly, I've known the guy for more than 25 years," said House minority leader Robert Michel. "I can't believe he'd do any such thing—it's just not like our Danny."

The lengthy probe has dampened Rostenkowski's spirits and raised the possibility that even if he is cleared, the 65-year-old Congressman will quit next year. "This has all been very difficult for him and his family," says Raymond McGrath, a close friend and former Congressman. "They've subpoenaed his daughters, many of his friends and his secretaries in Chicago." When people ask Rostenkowski how he's doing these days, he's likely to shoot back, "How the hell do you think I'm doing?"

The disclosures last week set up a race between a possible indictment of Rostenkowski and completion of the budget bill now before a 14-member House-Senate conference subcommittee. Sources close to the U.S. Attorney's office said an indictment could come in late August, after Congress adjourns for its summer recess.

The widening scandal only seemed to strengthen Rostenkowski's resolve to help push through the budget measure. "He will be around to finish up his chores," says Bill Frenzel, a former Republican member of the Ways and Means Committee who is now with the Brookings Institution. "He sees this conference as one of the

most important jobs of his life, and that's the way he'll handle it."

That could help explain why the conferees seemed to be moving more swiftly toward a deal last week than the White House had anticipated. Braced by a speech in which Clinton declared, "We were elected to end gridlock," the lawmakers agreed to raise the tax rate on corporations from 34% to 35% and to put the lion's share of new personal taxes on households making more than \$140,000 a year. But many issues remain unresolved. Among them: decisions on how much to boost the gasoline tax and how much to cut Medicare and other entitlement programs.

The real test for Clinton's legislative agenda will come if Rostenkowski is indicted and steps down. His chairmanship would then go to Sam Gibbons, a 73-year-old Florida Democrat who is lightly regarded by other members of the pivotal and fractious committee. If Gibbons does become chairman, true leadership of the committee could quietly pass to House majority leader Dick Gephardt and Speaker Tom Foley, who would work behind the scenes to crack heads and push the Clinton agenda. But neither Foley nor Gephardt nor Gibbons could be nearly as influential with Ways and Means members as the burly, steak-chomping chairman who has ruled the committee for 13 years. —Reported by Margaret Carlson, Michael Duffy and Nancy Traver/Washington

8/2/93

NEWSWEEK

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Newsweek

(Indicate page, name of newspaper, city and state.)

Rostenkowski Reeling

Congress: Prosecutors take aim at the passing world of backslaps and knowing winks

By JONATHAN ALTER

NO MAN HAS EVER GROWN MORE IN Congress," former House speaker Tip O'Neill once said of Rep. Dan Rostenkowski. As rumors of indictment swarm over the powerful congressman, the accuracy of O'Neill's assessment is directly at issue. Rostenkowski was reared in a Chicago political culture where petty corruption was a way of life. The U.S. House to which he was elected in 1958 was no Sunday school either. The practice of exchanging extra stamps for "going home" pocket money—the core of the current allegations against Rostenkowski—was legal and not uncommon as recently as the early 1970s. After Watergate, standards changed. The question is, did Rosta change, too? Or did his comfort in that beefy world of backslaps and knowing winks, of loose cash and patronage hacks, take him over the line?

Either way, the chairman of the House Ways and Means Committee took one in the gut last week. Just as he sat down with Sen. Daniel Patrick Moynihan to structure the big House-Senate budget compromise, a former House postmaster named Robert V. Rota pleaded guilty to embezzlement and conspiracy charges, alleging that he helped "Congressman A" (identified as Rostenkowski) steal at least \$21,000 over six years. The congressman may also be charged with improperly cashing campaign contributions at the House post office, among other offenses. Although Rostenkowski defiantly attacked the allegations as "unfair, false, baseless," Rota's guilty plea sharply increased the odds of an indictment within a few weeks and a showy criminal trial that will take the whole institution of Congress down several more notches, if that's possible.

A furious House Speaker Tom Foley pounded the table in his chambers, defending the integrity of his colleague. And Foley had his own, less serious embarrassment: reports that he made \$100,000 in profits when his broker bought initial public offer-

ings of stocks not usually available to ordinary investors. NEWSWEEK has learned that while the speaker broke no rules, he will now put his holdings in a blind trust.

Also last week, the Chicago Sun-Times published an interview with a Rota subordinate, James C. Smith, a patronage worker

of a Chicago ward boss in "Congress."

Rostenkowski's chiseling isn't in dispute. For years he has accepted steak dinners and golf junkets from lobbyists with business before the Ways and Means Committee, an eyebrow-raising but legal practice for which he makes no apologies. He's used campaign funds for cars, insurance, even hundreds of golf sweaters for friends. Old-fashioned nepotism is second nature: his sisters turned out to be the landlords for both campaign and district-office headquarters in Chicago; two of his daughters, the Chicago Tribune reported last week, were put on the Chicago Board of Trade payroll by a crony at the same time they were employed as airline-flight attendants.

No one on the Rostenkowski side is talking about his defense, but the outlines are who owed his job to Rostenkowski and will likely be a second major witness against him. According to Smith, the stamps rarely changed hands. Rostenkowski simply signed an expense-account voucher for stamps that Smith converted into cash. The first time he says he witnessed the alleged scheme, in 1989, "I was no doubt taken aback when I saw his [Rostenkowski's] name on the [\$2,000] voucher. I couldn't believe it was him."

Most Democrats on Capitol Hill still can't believe it's him. They whisper that an aide must have signed his name. And beyond condemning press and prosecutors for frying him publicly before he has even been formally charged, the pro-Rostenkowski forces point to the amounts of money allegedly involved. If Rostenkowski was greedy, the logic goes, he would have taken advantage of a loophole that allowed longtime members of Congress retiring in 1992 to keep their accumulated campaign funds for their own personal use. In Rostenkowski's case, that figure was more than \$1 million, which he forfeited by running for re-election.

This argument ignores the history of Chicago politics. Former alderman Dick Simpson, a reformer who lost to Rosten-

kowski in 1992, points out that 15 of the last 18 Chicago aldermen sent to jail have been convicted of accepting bribes of less than \$1,000. "The style has always been to steal in little increments," Simpson says. "And Rostenkowski's pattern is that

emerging. Rota, who is not charged with taking any cash for himself, and Smith will no doubt be portrayed as sycophantic small fry trying to save their skins. Rota will be depicted as a liar (he earlier denied improprieties); Smith is being described by a Rostenkowski aide as an eccentric who stored cash in a pea package in his refrigerator. Perhaps the biggest mystery is what Rostenkowski's longtime assistant, Virginia Fletcher, told the grand jury.

The politics of the Rostenkowski case are especially bitter. The Democrats point out that former U.S. attorney Jay Stephens, the Republican who initiated the probe, is now riding an anti-Congress theme in his race against Oliver North for a Virginia Senate

seat. Even some of Stephens's old colleagues at the Justice Department believe it was highly inappropriate for him to go on "Nightline" last week to speculate about Rostenkowski's indictment.

Stephens alleges that the Clinton administration bought Rostenkowski (and itself) time by firing him as U.S. attorney last spring. But the evidence isn't there. The attorney general replaced 91 other U.S. attorneys at the same time as Stephens, which is standard operating procedure in a new administration.

For all of the hand-wringing, the loss of Rostenkowski wouldn't by itself deal a grievous blow to the Clinton program. The budget, due to be voted on soon, will likely be completed before any possible indictment. And that is the last major tax legislation (Rostenkowski's specialty) expected for several years. Although his clout would help President Clinton on health-care and other bills, it isn't indispensable. Both Rep. Sam Gibbons and Rep. Charles Rangel, the two candidates to replace him, would be far weaker chairmen. But Majority Leader Richard Gephardt might be brought on to the committee to add party discipline.

All the same, the demise of Danny Rostenkowski would mark a major passage. He's a test for everything we believe about regulars versus reformers, arm-twisters versus policy wonks, steak and Scotch versus salad and Saratoga.

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SEP 2 1993

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WASHINGTON WHISPERS

HOUSE post office imbroglio not likely to entangle many lawmakers

■ **Short list.** Members of the House of Representatives can relax: Insiders say that the alleged stamps-for-cash embezzlement scam at the House post office (story, Page 20) is not likely to entangle many lawmakers in criminal wrongdoing. While Dan Rostenkowski, the influential chairman of Ways and Means, has been implicated, "this is not the House bank situation, where you had a long list of rascals," says one source familiar with the inquiry. As for the testimony provided by Robert Rota, the former House postmaster, much of it concerns improprieties that are ancient by Washington standards. And although some Republicans are howling for release of still-secret records of last year's internal House investigation of the post office, Daniel Swillinger, the GOP counsel on the task force that conducted the probe, says: "There's no bomb in there."

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The Washington Times

★ MONDAY, AUGUST 2, 1993 / PAGE A3

NATION

House postal probe detours to the bedroom

By Paul M. Rodriguez
THE WASHINGTON TIMES

It might be called "Sex, Lies and Audio Tape" were it not already copyrighted as "The House Post Office Scandal."

The unfolding story has all the elements for a good movie about the inside deals among the elite and powerful of Congress and the wainabes who help run the Hill's political machine.

The latest chapter finds federal prosecutors looking for information on who's been sleeping with whom, according to current and former congressional and federal-law enforcement officials and lobbyists.

"They wanted to know things that had nothing to do with what they're supposed to be looking into," said one source.

"The prosecutors are looking for

dirt on people," said another source close to the probe. "You know, like mistresses, lovers, drinking problems, any drug habits, things like that."

"They want to know everything on the members, on all of them (involved) with the post office," said a third.

"I told them (the prosecutors) what I've heard about some of the people," the third source said. But "I'm not going to tell those snoopy (prosecutors) some things because I just don't think it's any of their business."

"I'll tell you what," said one source, "they sure do know a lot. ... They had some of the answers already and I guess they were just asking me to see if I had heard or knew the same thing."

Earlier, prosecutors and a federal grand jury looked into allegations of

cocaine sales, embezzlement and illegal cashing of checks under the guise of stamp purchases.

Secret audio tapes — wiretapping of private conversations authorized by federal law enforcement officials — and new testimony from some of the players, such as Robert V. Rota, the former House postmaster who pleaded guilty last month to embezzlement, are expected to help confirm reports that several people on and off Capitol Hill conspired to hide the truth about illegal activities at the post office going back to at least 1980.

Individuals still working in the House may have perjured themselves and encouraged others to lie in testimony before a House task force and before the grand jury, according to the sources.

Rep. Dan Rostenkowski, Illinois Democrat and chairman of the tax-

writing Ways and Means Committee, and Rep. Austin Murphy, Pennsylvania Democrat, have been implicated in a money-laundering scam, as has former Rep. Joe Kolter, Pennsylvania Democrat.

All three have denied wrongdoing and invoked their Fifth Amendment right against self-incrimination when called to testify before the grand jury.

According to the sources, the grand jury has been hearing "some pretty incredible" testimony about a number of current and former lawmakers, as well as current and former senior staffers and high-powered lobbyists who allegedly used the post office for illegal purposes.

Some of the allegations that have gotten little attention from the media involve illegal campaign contributions funneled through the post

office and the now-closed House bank.

"They (the prosecutors) have all they ever needed to know to hang all of them," said one source. "Rota has been spilling his guts for weeks now" since prosecutors agreed to allow him to plead guilty to three misdemeanors in return for his cooperation.

Helping prosecutors search for information is a federal task force of FBI agents, Internal Revenue Service agents, U.S. Capitol Police and U.S. Postal Inspection Service officers, along with local police and crime commission officials in several states.

While Mr. Rostenkowski has attracted most of the attention, witnesses who testified before the grand jury have implicated other congressmen, former members and

staffers. Investigators have requested massive amounts of records in pursuing those leads.

"It has put a tremendous pressure on us," said one congressional source familiar with the requests. "It causes confusion and worry" when investigators show up, another agreed.

"They're moving up the food chain," said one source familiar with the grand jury's deliberations. "It's just a matter of time as they go from the little fish to the medium fish and then the bigger fish."

"All I know is that this thing's not going away and it's not stopping at Rostenkowski," said another source close to the probe.

As one former federal source asked, "Can the videotape be far behind?"

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House post office staffer told FBI about suspicions in 1979

By Michael Tackett
and William Gaines
TRIBUNE STAFF WRITERS

WASHINGTON—More than a decade ago, Pat Saylor, a secretary at the House post office, called the FBI with a startling allegation: At least four members of Congress were involved in a scheme to trade cash for stamps.

She named names. She described how members did it. She didn't know everything, but the FBI treated her story seriously and assigned agents to investigate.

Eventually, however, two of her superiors contradicted her story. For that and other reasons,

lawyers at the Justice Department dropped the matter.

What the lawyers didn't know was that Saylor's bosses, Postmaster Robert Rota and Supervisor of Accounts Mary Bowman, weren't telling the truth.

Had the matter been pursued more vigorously, the cash for stamps scandal that dominates today's headlines and has implicated Rep. Dan Rostenkowski (D-Ill.) in the embezzlement of \$21,300 in federal funds might never have occurred. Rostenkowski has emphatically denied any wrongdoing.

Yet the allegations pose the most serious threat Rostenkowski

SEE POST OFFICE, PAGE 2

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Post office

CONTINUED FROM PAGE 1

phatically denied any wrongdoing.

Yet the allegations pose the most serious threat Rostenkowski has faced in four decades of public life. This time, it is Rota who is naming names and dates and places to the prosecutors. And this time, Rota has admitted that he participated in the earlier cover-up.

For Saylor the time to talk came in early August 1979.

For three years from her desk at the House post office, she had seen cash being funneled to members of Congress. She had seen one member actually come and get money. She had seen Rota shuffling vouchers and stamps, doing just about anything to keep members of Congress happy. And she was worried.

In September 1979, she went to FBI headquarters where agents interviewed her. In the first week of October, the FBI formally notified Rota that it was conducting an investigation.

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In the ensuing decade, Rota has now testified, he continued to engineer payments to members in the guise of stamp purchases. Bowman, who retired in 1987, said in an interview that in an atmosphere of fear and intimidation, patronage workers did what members asked them to do so they could keep their jobs.

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The grand jury also questioned Saylor about Rostenkowski, but she testified that she had no specific knowledge of any cash-for-stamps transactions but she said that generally post office employees were expected to "do whatever [Rostenkowski's] office[s] wanted."

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Kenneth Robinson, Jenrette's lawyer, said that while his client was investigated for many things, he never heard of an allegation of theft of any kind from the post office.

Another former congressman implicated by Saylor's grand jury testimony was Fernand St Germain (D-R.I.). Contacted at his law office, he refused comment.

Tribune staff writer Christopher Drew contributed to this report.

58C-WF-180673 Sub N-107

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03

Behind the Hirings and Firings of a Defense Team

By Sandra Torry

Washington Post Staff Writer

Robert Bennett was in Boston attending college orientation with one of his daughters on July 23 when a call came from the office of House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) that the congressman wanted to see him. Bennett raced back to Washington and huddled for three hours with Rostenkowski, who earlier that week had watched the federal investigation of the alleged House Post Office embezzlement scheme take what for him was an ominous turn.

A few hours later, just shy of midnight, Bennett and his partner, Carl Rauh, were in as Rostenkowski's defense team. Two other prominent Washington lawyers, Judah Best and Stanley Brand, already were out.

The superficial explanation in news reports and legal scuttlebutt was that as talk of a possible Rostenkowski indictment mounted, the powerful Chicago congressman fired Brand, never known as a trial lawyer, and Best, who had been retained, the rumors went, to plea bargain with federal prosecutors. Then, Rostenkowski opted for Bennett, a gutsy, street-wise trial lawyer on the hottest winning streak in town.

While partly true—the congressman did want a trial lawyer—that explanation was too simplistic and ignored far too much. The case changed drastically on July 19, when former House postmaster Robert V. Rota pleaded guilty to helping several congressmen embezzle money from the House Post Office. Information contained in court papers indicated that Rostenkowski was one of those who allegedly received thousands in the scheme. The next night, former U.S. Attorney Jay Stephens, who had headed the office running the probe, was on ABC-TV's Nightline. Stephens renewed his charge that the Clinton administration had tried to stall the investigation for political reasons.

Aides to Rostenkowski, who for months had been battling Brand's strategy of no comment to the press, argued that the congressman had to get his story out, and not just for political survival. Every time Stephens yelled "politics," it diminished the chance that Justice Department officials would give the case a "meaningful review" when it came out of the U.S. attorney's office, lawyers familiar with the case argued.

Rostenkowski needed a defense lawyer who could go on attack both in the press and at the department, and many thought Bennett was that person. The morning after they were



BY RAY LUSTIG—THE WASHINGTON POST

Rep. Dan Rostenkowski (D-Ill.), above, hired attorneys Robert Bennett and Carl Rauh.

hired, Bennett and Rauh flanked Rostenkowski as he read a brief statement to the press, asserting his innocence.

There were other dynamics at work, too. Top politicians always "have 200 people telling them what they ought to do," said one veteran trial lawyer. "I bet somebody was whispering in his ear, 'This is the guy you need to get.'"

Indeed, as aides and friends pressed for a fresh legal team, the names of five trial lawyers came up repeatedly: Bennett, Brendan Sullivan and Reid Weingarten, all Washington talent; Dan Webb, the former U.S. Attorney in Chicago, now in private practice there; and New York lawyer Peter Fleming.

Had Weingarten been retained, it could have touched off a fuss. He is a close friend of D.C. Superior Court Judge Eric H. Holder Jr., just nominated as the next U.S. Attorney for D.C. But Weingarten, it turns out, had another conflict, and ultimately, he wasn't tapped.

As lawyers dissected the very public firing and hiring, some focused on why Rostenkowski originally turned to Brand and Best.

One lawyer familiar with the case said it was "nonsense" to believe Best was brought in to plea bargain. "This is not a case where you hire somebody to drive you to the funeral home," this lawyer said, adding that "Rosty" is not about to fold.

This lawyer said, "Judd was brought in as the gray-haired eminence, a tactician to come

up with strategy . . . to defuse [the case] at the U.S. Attorney level and at Justice."

Best, admirers said, is known for obtaining good, creative deals for individual and corporate clients who want to avoid trial and for whom a deal is often a victory. Best's biggest wins—cases where he has blocked an indictment—are invisible, one colleague said, known only to his clients and the small coterie of lawyers in the same field.

But critics argue that Best can be too quick to plead clients out when a trial becomes inevitable. The allegations against Rostenkowski "might have to be duked out in the courtroom, and if you want a combatant, Bob [Bennett] has to be on your short list," one lawyer said.

Brand, hired by Rostenkowski last year when his troubles surfaced, was described by one admirer as a "tough, smart, politically savvy lawyer" who knows his way around the House of Representatives, where he was chief counsel for seven years. Brand and his partner, Abbe Lowell, a former prosecutor, have racked up an impressive record representing members of Congress with ethics or grand jury problems. But Lowell, for several reasons, did not get heavily involved in the Rostenkowski case, and he is the trial lawyer in that duo.

Brand had no comment last week. Best said he hopes for Rostenkowski's "complete vindication," adding that the congressman had ob-

tained "two superb lawyers" in Bennett and Rauh. Best declined further comment.

Several lawyers chalked up the switch to human nature. Some clients blame the messenger for bad news. Others don't want to believe early on they will ever need a *trial* lawyer.

Lawyer-shopping among Washington's elite "is not an unusual phenomenon," said one famous lawyer.

According to this attorney, former FBI Director William H. Sessions in his final, fractious weeks in office reached out to at least a half dozen new lawyers, including the ever-present Bennett, Judith Richards Hope, Brendan Sullivan and Robert Strauss, as well as Michael Tigar, who teaches law at the University of Texas at Austin, and Seagal Wheatley, of San Antonio. Sessions could not be reached for comment.

"The clients are relatively unsophisticated consumers of legal services," this lawyer observed. "And lawyers are shameless flacks with respect to their own self-imagined ability. That combination always leads to excess . . . in law as it does in life."

(Mount Clipping in Space Below)

House post office staffer told FBI about suspicions in 1979

WASHINGTON—More than a decade ago, Pat Saylor, a secretary at the House post office, called the FBI with a startling allegation: At least four members of Congress were involved in a scheme to trade cash for stamps.

She named names. She described how members did it. She didn't know everything, but the FBI treated her story seriously and assigned agents to investigate.

Eventually, however, two of her superiors contradicted her story. For that and other reasons, lawyers at the Justice Department dropped the matter.

What the lawyers didn't know was that Saylor's bosses, Postmaster Robert Rota and Supervisor of Accounts Mary Bowman, weren't telling the truth.

Had the matter been pursued more vigorously, the cash for stamps scandal that dominates today's headlines and has implicated Rep. Dan Rostenkowski (D-Ill.) in the embezzlement of \$21,300 in federal funds might never have occurred. Rostenkowski has emphatically denied any wrongdoing.

Yet the allegations pose the most serious threat Rostenkowski has faced in four decades of public life. This time, it is Rota who is naming names and dates and places to the prosecutors. And this time, Rota has admitted that he participated in the earlier cover-up.

For Saylor the time to talk came in early August 1979.

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(Indicate page, name of newspaper, city and state.)

Chicago Tribune
Chicago, Illinois

August 2, 1993

Date:
Edition: Sports Final

Title:
HOUSE POST OFFICE
STAFFER TOLD FBI ABOUT
SUSPICIONS IN 1979

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

98C-WF-180673 Sub N-101X1

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(Mount Clipping in Space Below)

Rostenkowski legal fees pile up

Lawmaker spends \$358,000 in campaign funds so far

Rep. Dan Rostenkowski has spent at least \$358,000 in campaign funds to pay the legal bills for himself, his political committees and aides in the ongoing federal probe of the congressman, according to reports released Monday.

The legal fees for the powerful Ways and Means Committee Chairman have mushroomed as the investigation, which began as an inquiry into the illegal conversion of stamps into cash, has broadened into a wide-ranging probe of Rostenkowski's dealings, the campaign finance reports show.

In the first six months of 1993, campaign committees controlled by the Chicago Democrat spent \$205,172 on legal fees, not including legal bills from two criminal defense attorneys who have recently represented him. Rostenkowski's congressional campaign committee, which has \$1.2 million in cash, had previously reported spending \$153,000 for legal bills in 1992.

The reports released Monday show that Rostenkowski paid the legal expenses of 10 former staff members from his Chicago and Washington offices and continued to pay legal bills for two current aides.

Rostenkowski has denied any wrongdoing. A federal grand jury in Washington is investigating charges that he received as much as \$100,000 from the House Post Office and is also examining his leasing of cars and office space in Chicago.

A spokesman for the Federal Election Commission, which enforces federal campaign laws, said political candidates can use their campaign funds to pay legal bills, even in a criminal investigation. The issue has arisen in the past and the commission has issued legal opinions approving of such payments, said spokesman Fred Eiland.

A spokesman for Rostenkowski noted that "numerous times in the past" other members of Congress had also used their campaign funds to pay legal bills.

The legal fees were paid out of two political committees. Most came from the Rostenkowski for Congress Committee. His political action committee, America's Leader Fund, paid about \$12,000 of the fees.

Some \$158,000 of the campaign funds went to pay Stanley Brand, the Washington attorney who represented Rostenkowski earlier this year. Rostenkowski is now being represented by high-powered Washington lawyer Robert Bennett.

Chicago criminal defense lawyers said Rostenkowski's bills aren't excessive and are likely to increase as Bennett's team reviews the work of previous attorneys.

"The amount of the fees suggest to me that they [Rostenkowski's attorneys] have probably been out interviewing witnesses, reviewing documents subpoenaed by the grand jury, and basically tracking the government investigation," said one Chicago lawyer.

Rostenkowski has also been paying the legal bills of some of his most trusted aides.

Virginia Fletcher, who receives more than \$90,000 as the congressman's top aide, had nearly \$62,000 in legal fees paid for her. Nancy Panzke, his Chicago office manager, has had some \$28,000 in legal bills paid on her behalf.

The Chicago law firm of Katten Muchin & Zavis represented Panzke as well as both political committees, said a lawyer for the firm. She declined to elaborate on the legal services the firm was providing.

Rostenkowski's congressional campaign committee paid about \$28,000 in legal fees for the 10 former aides.

Date page, name of newspaper, city and state.)
Sec. 1, Pg. 11
Chicago Tribune
Chicago, Illinois

Date: August 3, 1993
Edition: Sports Final

Title: ROSTENKOWSKI LEGAL
FEES PILE UP

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

One of those aides is Thomas Sneeringer, Rostenkowski's former legislative director, who is now a Washington lobbyist.

Sneeringer said he needed the lawyer for his grand jury appearance and follow-up inquiries. He declined to discuss his testimony. He said he asked Rostenkowski to pay the \$4,800 in legal fees that he incurred because "I can't afford it."

Many of the former aides whose legal fees were paid with the campaign funds worked for Rostenkowski between 1986 and 1992, the period for which prosecutors have subpoenaed numerous records.

Joan Ferrans, a former senior citizen coordinator in Rostenkowski's Chicago office whose \$1,329 legal tab was paid, said she had not been subpoenaed to testify before the grand jury. She declined comment when asked if she had been questioned by federal agents.

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FBI - CHICAGO	

50C-WF-180673 Sub N - 107X3

SEARCHED	INDEXED
SERIALIZED <i>JP</i>	FILED <i>JP</i>
NOV 4 1993	
FBI - WASHINGTON	
	<i>JP</i>

(Mount Clipping in Space Below)

Legal Bills Mount in Rosty Probe

More Than \$355,000 Paid From Campaign Funds

U.S. Rep. Dan Rostenkowski has now spent more than \$355,000 in campaign funds to pay lawyers representing him and his associates in the federal grand jury investigation of his finances, records show.

Two Rostenkowski political committees spent \$201,333 on lawyers in the first six months of this year as the investigation grew more intense. Prosecutors are attempting to finish their probe of improprieties at the House post office while also investigating other aspects of Rostenkowski's finances.

Last year, the Chicago Democratic congressman used \$153,930 in campaign funds for legal expenses.

House rules allow Rostenkowski to avoid using his personal funds for lawyers by legally tapping into his \$1 million-plus campaign fund—the same \$1 million fund his friends point out he could have cashed in by retiring last year if he were greedy.

Rostenkowski is not the first congressman to tap his campaign fund for six-figure legal bills. Rep. Newt Gingrich (R-Ga.) spent \$147,900 on lawyers and accountants to successfully battle an ethics complaint, according to news accounts.

Other politicians facing huge legal bills have opted not to use campaign funds. Former House Speaker Jim Wright (D-Texas) raised more than \$400,000 for a legal defense fund to fight ethics charges.

Records made public Monday also showed Rostenkowski continued to dip into his campaign fund to pay \$1,250 a month rent to himself and his sister for a little-used campaign office in buildings where they live. Federal prosecutors began looking at the transaction

earlier this year after the Chicago Sun-Times questioned the propriety of the arrangement.

The Rostenkowski investigation began last year with allegations of stamps being converted illegally to cash at the House post office.

Last month, prosecutors charged an unnamed Congressman A, whom sources identified as Rostenkowski, had illegally received \$21,300 from former House Postmaster Robert V. Rota. Rota is cooperating in the investigation.

Investigators also are looking at Rostenkowski's use of government funds to obtain personal ownership of three vehicles. Rostenkowski has denied any wrongdoing.

In the first six months of 1993, Rostenkowski's political funds paid \$82,715 to 12 of his associates for their legal bills along with \$86,707 to Rostenkowski's attorneys. His main political committees—Rostenkowski for Congress and America's Leaders Fund—paid \$31,911 to a Washington law firm for legal advice.

While House rules allow congressmen to use campaign funds to pay the legal bills for themselves and their staffs, federal prosecutors have questioned whether Rostenkowski was attempting to influence his aides' testimony by reimbursing them for their legal bills.

(Indicate page, name of page 5
newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

Date: August 3, 1993
Edition: Late Sports Final

Title: LEGAL BILLS MOUNT IN
ROSTY PROBE

Character:

or

Classification:

Submitting Office: Chicago

Indexing:

Aides called before the grand jury have been asked who is paying their legal bills. Rostenkowski maintains he pays the bills because he regrets they have been dragged into the probe. The grand jury has subpoenaed more than 20 current or former staffers.

The largest reimbursements so far this year went to Virginia Fletcher and Nancy Panzke, the two \$90,000-a-year aides who run Rostenkowski's Capitol Hill and Chicago congressional offices, respectively. They oversee Rostenkowski's congressional expenses as well as his schedules.

Fletcher received \$26,413 in the latest report and \$35,505 in 1992. Panzke received \$27,738 this year. Both have been given immunity in the probe and have testified before the grand jury.

Other reimbursements ranged from \$1,369 to \$5,150 for 10 other individuals, including eight former congressional staffers and two members of the executive board of his 32nd Ward political organization.

Using campaign funds to pay legal bills in criminal cases drew criticism from Public Citizen, a public interest group in Washington, D.C.

"I do think campaign expenses should be spent on legal expenses related to the campaign [but] not on criminal investigations pertaining to official duties once they're elected," said Public Citizen's Donna Edwards.

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Date: 8/2/93

Edition:

WASHINGTON TIMES

Title: PLATE BLOCK
OO: WF

Character: SSC-WF-180673

or

Classification:

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Submitting Office:

Indexing:

The Washington Times

* MONDAY, AUGUST 2, 1993 / PAGE A3

NATION

House postal probe detours to the bedroom

By Paul M. Rodríguez
THE WASHINGTON TIMES

It might be called "Sex, Lies and Audio Tape" were it not already copyrighted as "The House Post Office Scandal."

The unfolding story has all the elements for a good movie about the inside deals among the elite and powerful of Congress and the wanna-bes who help run the Hill's political machine.

The latest chapter finds federal prosecutors looking for information on who's been sleeping with whom, according to current and former congressional and federal law enforcement officials and lobbyists.

"They wanted to know things that had nothing to do with what they're supposed to be looking into," said one source.

"The prosecutors are looking for

dirt on people," said another source close to the probe. "You know, like mistresses, lovers, drinking problems, any drug habits, things like that."

"They want to know everything on the members, on all of them [involved] with the post office," said a third.

"I told them [the prosecutors] what I've heard about some of the people," the third source said. But "I'm not going to tell those snoopy [prosecutors] some things because I just don't think it's any of their business."

"I'll tell you what," said one source, "they sure do know a lot. They had some of the answers already and I guess they were just asking me to see if I had heard or knew the same thing."

Earlier, prosecutors and a federal grand jury looked into allegations of

cocaine sales, embezzlement and illegal cashing of checks under the guise of stamp purchases.

Secret audio tapes — wiretapping of private conversations authorized by federal law enforcement officials — and new testimony from some of the players, such as Robert V. Rota, the former House postmaster who pleaded guilty last month to embezzlement, are expected to help confirm reports that several people on and off Capitol Hill conspired to hide the truth about illegal activities at the post office going back to at least 1980.

Individuals still working in the House may have perjured themselves and encouraged others to lie in testimony before a House task force and before the grand jury, according to the sources.

Rep. Dan Rostenkowski, Illinois Democrat and chairman of the tax-

writing Ways and Means Committee, and Rep. Austin Murphy, Pennsylvania Democrat, have been implicated in a money-laundering scam, as has former Rep. Joe Kolter, Pennsylvania Democrat.

All three have denied wrongdoing and invoked their Fifth Amendment right against self-incrimination when called to testify before the grand jury.

According to the sources, the grand jury has been hearing "some pretty incredible" testimony about a number of current and former lawmakers, as well as current and former senior staffers and high-powered lobbyists who allegedly used the post office for illegal purposes.

Some of the allegations that have gotten little attention from the media involve illegal campaign contributions funneled through the post

office and the now-closed House bank.

"They [the prosecutors] have all they ever needed to know to hang all of them," said one source. "Rota has been spilling his guts for weeks now" since prosecutors agreed to allow him to plead guilty to three misdemeanors in return for his cooperation.

Helping prosecutors search for information is a federal task force of FBI agents, Internal Revenue Service agents, U.S. Capitol Police and U.S. Postal Inspection Service officers, along with local police and crime commission officials in several states.

While Mr. Rostenkowski has attracted most of the attention, witnesses who testified before the grand jury have implicated other congressmen, former members and

staffers. Investigators have requested massive amounts of records in pursuing those leads.

"It has put a tremendous pressure on us," said one congressional source familiar with the requests. "It causes confusion and worry" when investigators show up, another agreed.

"They're moving up the food chain," said one source familiar with the grand jury's deliberations. "It's just a matter of time as they go from the little fish to the medium fish and then the bigger fish."

"All I know is that this thing's not going away and it's not stopping at Rostenkowski," said another source close to the probe.

As one former federal source asked, "Can the videotape be far behind?"

58C-WF-180673 Sub N

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(Indicate page, name of newspaper, city and state.)

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Date: 8/4/93

Edition: WASHINGTON TIMES

Title: PLATE BLOCK

CO. WA

Character: 58C-WA-180672

or
Classification:

Submitting Office:

WEDNESDAY, AUGUST 4, 1993

The Washington Times

COMMENTARY

DAN THOMASSON

Seeking validation of victimization

Rep. Dan Rostenkowski may be a lot of things but one of them is not a sympathetic figure, despite the efforts of liberal pundits and frightened, fawning congressional colleagues to convince us otherwise.

The chairman of the House Ways and Means Committee is an up-from-the-wards machine politician who wields power deftly and often arrogantly in a classic big-city style. Cross him and you pay.

This, of course, does not make him guilty of a growing number of allegations, including embezzlement from the coffers of the House Post Office. But it does make

charges that he is being victimized by former Republican U.S. Attorney Jay Stephens and others not only hollow but downright silly.

The victimization charges are even more cynical when one realizes that Mr. Rostenkowski last year chose to thumb his nose at a grand jury subpoena, sending word that he didn't consider it valid and that under the circumstances he would claim his Fifth Amendment rights.

There seems to be little question that Mr. Stephens, who apparently is running for political office in Virginia, badly overstepped his bounds by appearing on television to predict that Mr. Rostenkowski would be indicted and by charging that the Chicago lawmaker actually had taken more than \$100,000 in Post Office cash.

A number of former U.S. attorneys, many of whom are no friends of Mr. Rostenkowski, have chastized Mr. Stephens for spouting off about an investigation he initiated even if he is no longer in charge of it.

"It was terrible form," said another former federal prosecutor. "Even if he believes he was removed by the Clinton White House under pressure from Rosty, he should have kept his mouth shut."

The Clinton Justice Department this spring asked for the resignation of most of the U.S. attorneys nationwide despite a lack of nominees to fill the vacancies. Mr. Stephens and others charged it was a ploy to hamstring the Rostenkowski inquiry. Mr. Stephens claimed recently that the move delayed the possible indictment

of Mr. Rostenkowski — a key player in the president's budget battle — by at least 90 days.

The real mystery is why this investigation has dragged on as long as it has without Mr. Rostenkowski being either indicted or cleared. Two former Post Office employees have fingered him in the embezzlement investigation.

Some of the delay obviously has been political. The White House has needed his influence and skill to keep the budget bill from foundering. It would be unlikely the Justice Department would sign off on an indictment until that process is completed.

A major test for the new president and his party will be if they can be objective about one of their own.

It always is much easier for Democrats to indict Republicans and visa versa. Thirty years ago, the Democrats failed, white washing the sensational Bobby Baker case. Mr. Baker was the fall guy in a scandal that clearly could have touched a number of prominent Democrats, including Lyndon Johnson.

Mr. Rostenkowski, meanwhile, obviously isn't taking any chances. He has hired the most prominent criminal lawyer in Washington, Bob Bennett.

Those who defend him say the \$21,000 he is alleged to have stolen is small potatoes. Why would he risk his career, they ask. Who knows. Men have wrecked their lives for much less. Dick Nixon didn't steal anything.

Dan Thomasson is editor of Scripps Howard News Service.

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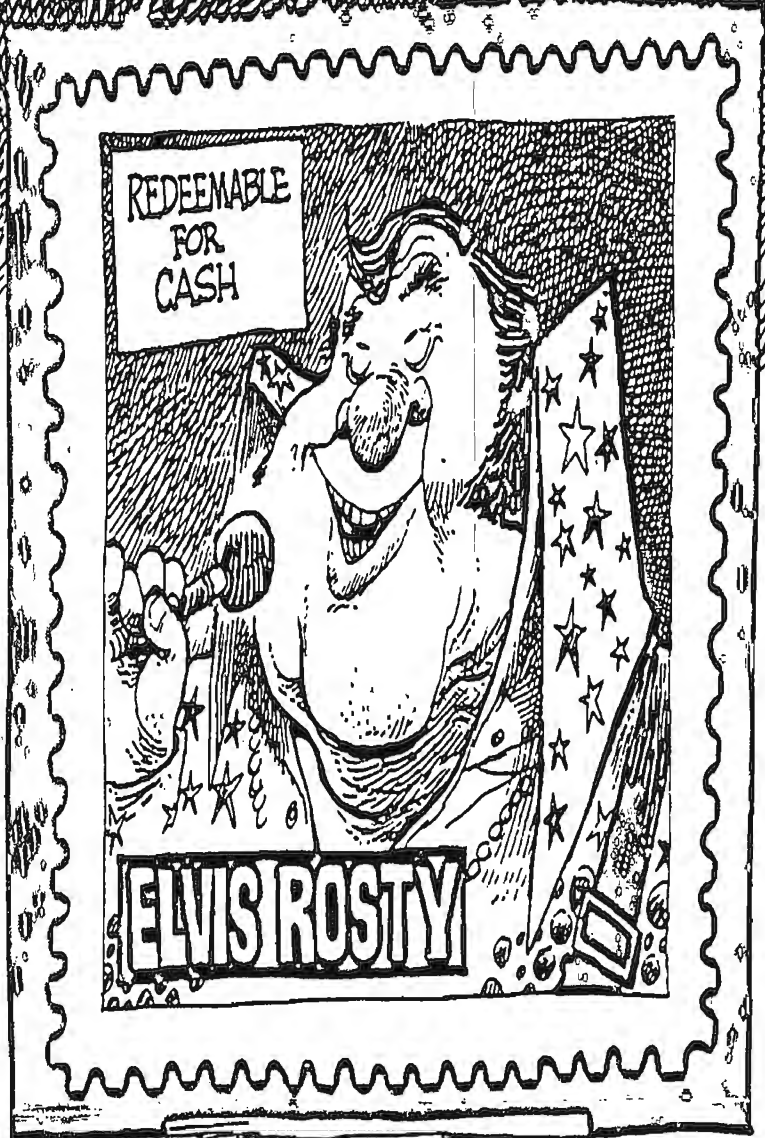
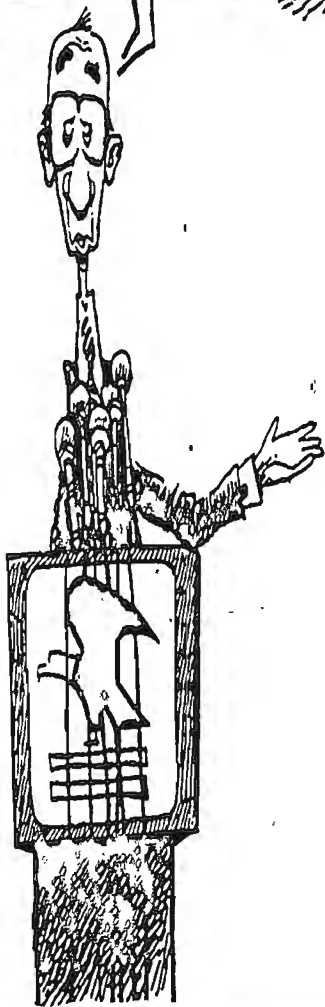
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Today we are issuing a
stamp to commemorate
a bloated, morally bankrupt
sleazeball whose greatest
claim to fame was
Jailhouse Rock.



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Date: 8/5/93

Edition: WASHINGTON TIMES

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Classification:
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Indexing:

The Washington Times

★ THURSDAY, AUGUST 5, 1993 / PAGE A3

NATION

GOP tries to force ethics probe of post office

By Paul M. Rodriguez
THE WASHINGTON TIMES

A group of House Republicans, with the blessing of the GOP leadership, introduced a resolution yesterday to force the ethics committee to investigate embezzlement and other improprieties at the House post office.

The resolution, drafted by Rep. Ernest J. Istook of Oklahoma, immediately caused a rift among Republicans, some of whom said it was premature because the case is under federal investigation.

"How far does this corruption spread?" Mr. Istook asked. "We must find out" and not wait until a sep-

arate criminal probe by the Justice Department is completed.

Rep. Fred Grandy, Iowa Republican and the ranking member on the ethics committee, said Mr. Istook had a point but cautioned that "it's too early to get into [it] now."

The ethics panel, formally called the Committee on Standards of Official Conduct, was instructed last year to look into the post office scandal after a bipartisan task force found gross mismanagement at the facility.

Mr. Grandy, who has said he favors an ethics probe of the post office, said yesterday such an investigation should come after the U.S. Attorney's Office in Washington

completes the criminal inquiry.

"I'll have to oppose" the resolution when it comes to the House floor for a vote sometime after Labor Day when Congress returns from its August recess, he said.

So far, eight former post office employees and the former postmaster, Robert V. Rota, have pleaded guilty to a variety of charges, including embezzlement through a stamps-for-cash and illegal check-cashing scheme.

Mr. Rota, 58, also pleaded guilty to helping several members of Congress, including two identified in court papers as "Congressman A" and "Congressman B", embezzle at least \$30,000.

Rep. Dan Rostenkowski, Illinois Democrat and chairman of the Ways and Means Committee, and former Rep. Joe Kolter, Pennsylvania Democrat, have been identified as Congressmen A and B, respectively, based on office voucher numbers in the Rota court papers.

Mr. Istook said he hoped to build public support during the August recess to pressure members into supporting his resolution.

The House last month defeated an attempt by Republicans to release thousands of documents and transcripts of at least 64 depositions collected by the bipartisan task force that probed the post office in 1992.

A letter from U.S. Attorney J.

Ramsey Johnson warned House members that premature release of the task force's records could impede his investigation.

Democrats used that letter to keep the records sealed and to help shield colleagues from charges of trying to cover up embarrassing materials contained in the files.

Mr. Istook, joined by Texas Rep. Tom DeLay, secretary of the Republican Conference, said forcing the ethics committee to probe the post office now would not hamper the criminal probe.

His resolution, initially opposed by GOP leaders, would require the ethics committee to "determine which members are alleged by the

former postmaster to have engaged in improper conduct in connection with the House post office, and whether these members are the subjects of any current investigation by the Department of Justice."

The resolution also said the panel may defer its inquiry on any member, if the Justice Department confirms in writing that the lawmaker is a subject of the criminal probe.

By putting that language into the resolution, Mr. Istook said the Justice Department could continue to protect its probe of lawmakers but still allow the ethics committee to investigate others who may not have violated criminal laws but may have broken House rules.

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THE NEW YORK TIMES NATI

Rostenkowski Spends \$355,000 on Lawyers' Fees

By TIM WEINER

Special to The New York Times

WASHINGTON, Aug. 4 — Representative Dan Rostenkowski, fighting a Federal investigation of his finances, has spent more than \$355,000 in campaign funds on lawyers' fees for himself and his aides in the last 18 months, Federal records show.

Such use of campaign money is entirely lawful. But the amount of the lawyers' bills, while not unprecedented for a member of Congress under criminal inquiry, is a reflection of the depth of the legal trouble that Mr. Rostenkowski, the Illinois Democrat who heads the House Ways and Means

Committee, may be facing.

Robert V. Rota, former postmaster of the House post office, has told Federal investigators that Mr. Rostenkowski embezzled tens of thousands of dollars from the post office by exchanging stamp vouchers drawn on his office account for cash, according to court records filed when Mr. Rota pleaded guilty to misdemeanor charges in Federal court here last month.

The records listing Mr. Rostenkowski's payment of lawyers' fees are in a campaign finance report that was filed with the Government, as is required periodically. The reports by his campaign committee, Rostenkowski for

Congress, reflect the committee's transactions through this June 30.

The records, publicly released on Tuesday, confirm reports that the investigation, being conducted by the office of the United States Attorney in Washington, has reached into Mr. Rostenkowski's Chicago office.

Cars and His Sister

The investigation expanded earlier this year after The Chicago Sun-Times reported that Mr. Rostenkowski had taken ownership of three cars for which taxpayers had been charged more than \$71,000 in lease payments and that he had used campaign funds to

pay more than \$73,000 to himself and his sister in rent for a campaign office.

Mr. Rostenkowski has strongly denied any wrongdoing.

The records show that two of Mr. Rostenkowski's top aides and at least five former members of his staff have had to hire lawyers to represent them while being interviewed by Federal agents or when called to testify before a Federal grand jury. In all, \$205,000 of Mr. Rostenkowski's campaign money was spent in the first six months of this year on legal fees for himself and his aides, both here and in Chicago, and more than \$150,000 was so spent in 1992, according to the records.

The committee's report showed assets of \$1,271,852 as of June 30, the end of the reporting period.

Among the committee's payments in the first six months of 1993 was \$86,707

to Brand & Lowell, a Washington law firm that specializes in representing politicians facing legal troubles. All of that payment was for representing Mr. Rostenkowski himself, who switched defense teams last month and is now being represented by two other prominent Washington lawyers, Robert Bennett and Carl Rauh.

Among the other payments for legal expenses in the first half of this year was \$27,738 for Nancy Panzke, Mr. Rostenkowski's executive assistant in Chicago, and \$26,413 for Virginia C. Fletcher, his administrative assistant in Washington, who has been a member of his staff since 1963.

Mrs. Fletcher has been offered immunity by Federal prosecutors in exchange for her testimony in the case, according to people familiar with the investigation.

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Date: 8/6/73

Edition: WASHINGTON TIMES

Title: PLATE BLOCK

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Rostenkowski paying legal bills of staffers

Rep. Dan Rostenkowski's campaign committee is paying the bills of current and former staff members who incurred legal expenses in the House post office investigation. His own legal bills also are covered.

The Illinois Democrat's administrative assistant in Washington, Virginia Fletcher, and the office manager in one of his Chicago offices, Nancy Panzke, received the financial help. So did at least six former staff members, according to public campaign records.

The chairman of the Ways and Means Committee has acknowledged he's under investigation in the post office case but has denied committing any crime.

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newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

Date: August 8, 1993

Edition: Late Sports Final

Title: VAN TITLES TIED TO ROSTY

Character:

or

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Submitting Office: Chicago

Indexing:

Car, Van Titles Tied to Rosty

Grand Jury Told Vehicles Owned and Not Leased

A grand jury witness in the investigation of U.S. Rep. Dan Rostenkowski says subpoenaed documents show a Wilmette auto dealer handled the lawmaker's acquisition of three vehicles as purchases and not as government leases, as Rostenkowski maintains.

The federal government is trying to determine if Rostenkowski illegally used \$73,000 in taxpayer funds to buy the vehicles and then disguised the payments as government leases for mobile offices.

The witness was Kevin Stirtz, a former employee of Wil-Shore Motor Sales Inc., who said the company's subpoenaed files, which he examined for prosecutors, contained purchase documents and not lease contracts and worksheets.

He said the dealership's files looked to him like the transactions were "100 percent retail purchases." Stirtz was the finance manager for the dealership from October, 1992, until February, 1993.

Stirtz had no direct involvement or knowledge of the Rostenkowski transactions. Prosecutors asked him to examine the documents and explain the normal way business was done at the dealership. He is one of several former and current Wil-Shore employees to be subpoenaed.

The files did not contain such basic lease information as instructions for returning the car or purchasing it when the lease expired, he said. The only lease document he was shown was the one Rostenkowski filed with the House so that Wil-Shore would get paid.

Stirtz said he spent Monday and Tuesday in Washington, D.C., with prosecutors and grand jurors investigating how the vehicles became Rostenkowski's personal property.

The federal investigation of the vehicles began after a Jan. 24 report in the Chicago Sun-Times questioned whether Rostenkowski had improperly used his congressional expense allowance to acquire the two vans and a station wagon.

Rostenkowski has denied any wrongdoing involving the vehicles and his aides insist the vehicles were leased. He's also denied allegations in the House post office scandal that he embezzled cash through transactions disguised as stamp purchases.

Robert S. Bennett, his Washington attorney, warned Friday night that "people should withhold judgment until all the evidence is in. . . . The congressman is entitled to due process, and trial in the press and by the press violates that.

"You should question the motives of someone who goes into the grand jury and testifies in what is essentially a secret proceeding and then calls the newspapers to report on his testimony."

Witnesses before a federal grand jury are free to discuss their testimony, according to federal rules.

Beginning in February, 1987, records show Rostenkowski billed taxpayers \$1,050 a month for "mobile offices" he told Congress he was leasing for two years each. They were a customized 1987 Ford Econoline van, a 1989 Ford Aerostar minivan and a 1991 Ford Taurus wagon.

The Sun-Times revealed that the \$1,050 monthly payments made directly to the dealership exceeded the customary leasing cost for such vehicles. And unlike a standard lease, the cars were titled in Rostenkowski's name as soon as the payments started.

Stirtz was asked by prosecutors whether lease cars ever were put in the name of the person leasing the vehicle and he said he responded: "It is never done." He said the title is always kept in the name of the owner; in a standard lease, that would be the leasing company.

He said putting the car titles

immediately in Rostenkowski's name was one of the signs the congressman was being treated as the owner and not the lessor. Rostenkowski also did not list the vehicles as leased on the title applications.

He said he was asked about one document that could indicate a lease: an insurance policy on one of the vehicles which listed Wil-Shore as a "lessee payee." Stirtz said this meant Wil-Shore would get the insurance proceeds if anything happened to the car.

Stirtz said the files showed the purchase prices of three vehicles were \$25,000 for the Econoline, \$21,000 for the Aerostar and \$25,000 for the Taurus—close to the \$25,000 taxpayers paid during each two-year lease periods.

After the lease periods ended, Rostenkowski retained ownership of the Econoline van and the Aerostar minivan. He has maintained he purchased the vehicles at the end of the leases, using \$9,715 in campaign funds for the van and an undisclosed amount of personal funds to purchase the minivan.

Stiritz said he did not see any record of such payments in the files he examined.

Donald Roberts, the owner of Wil-Shore, could not be reached for comment Friday. He told the Sun-Times in the past that Rostenkowski "bought his cars from me in a normal fashion. I don't know what arrangement he has made with the government to pay for the cars."

Federal prosecutors also questioned Stiritz about when the Taurus wagon was returned to Wil-Shore.

Rostenkowski has said he returned the wagon in November, 1992, before the lease was up and before the Sun-Times began asking questions about the vehicles in December.

Prosecutors showed Stiritz a copy of the Taurus' title that Rostenkowski had signed and given to Wil-Shore. His signature was dated Nov. 13 or 16, 1992, Stiritz said.

He told prosecutors the car was returned in late December or early January after Sun-Times inquiries.

He said the day the car was returned, he saw a man who could have been Rostenkowski leaving the dealership. He said he was told later by other employees that Rostenkowski had returned the car himself that day.

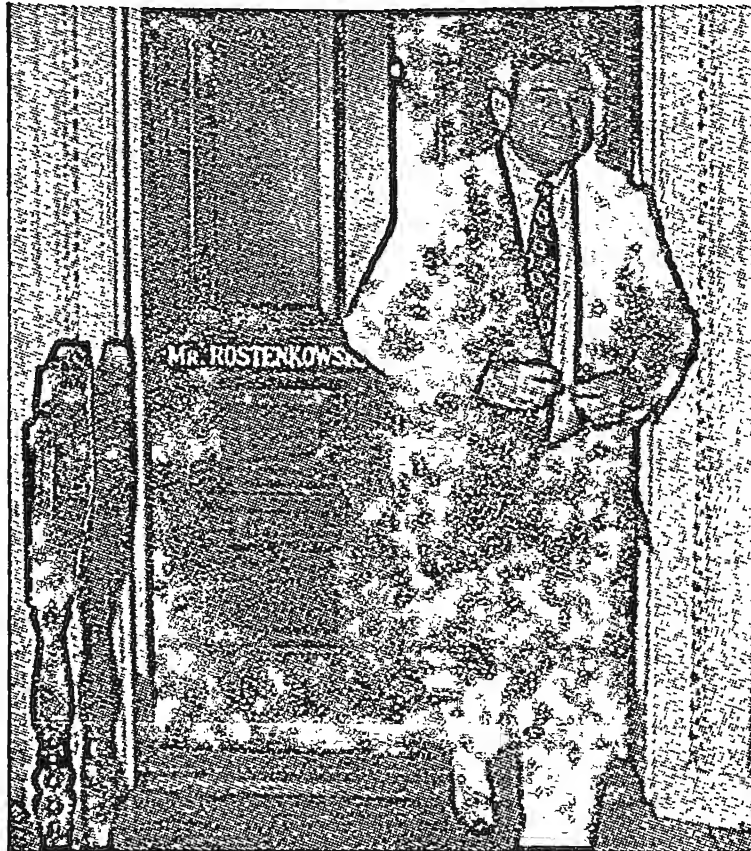
All three vehicles still are in Rostenkowski's name, according to the Illinois secretary of state's office.

All three vehicles were ordered with trailer hitches and heavy-duty suspensions, Stiritz said. The Taurus had a radio installed, a remote starter and an \$800 alarm system, he said.

Stiritz said he also was asked what he knew about Rostenkowski's use of campaign funds at Wil-Shore. He said he had no knowledge of those transactions.

The grand jury also appears to be trying to determine if Rostenkowski used campaign funds to acquire personal vehicles at Wil-Shore, other sources have said.

The Rostenkowski for Congress Committee paid \$68,440 to Wil-Shore between 1975 and 1988. He, and his family took title to many automobiles from Wil-Shore during that period.



Associated Press

U.S. Rep. Dan Rostenkowski (D-Ill.) leaves his office on Capitol Hill Thursday. A grand jury is trying to determine if Rostenkowski illegally used \$73,000 in taxpayer funds to buy three vehicles.

WHO USES MOBILE OFFICES

A mobile office makes sense for U.S. Rep. Bill Sarpalius. His Texas district is 34,619 square miles.

Dan Rostenkowski had one of the smallest districts in Congress in the last session: some 33 square miles. Yet for six years he charged taxpayers a hefty \$1,050 a month to lease a mobile office.

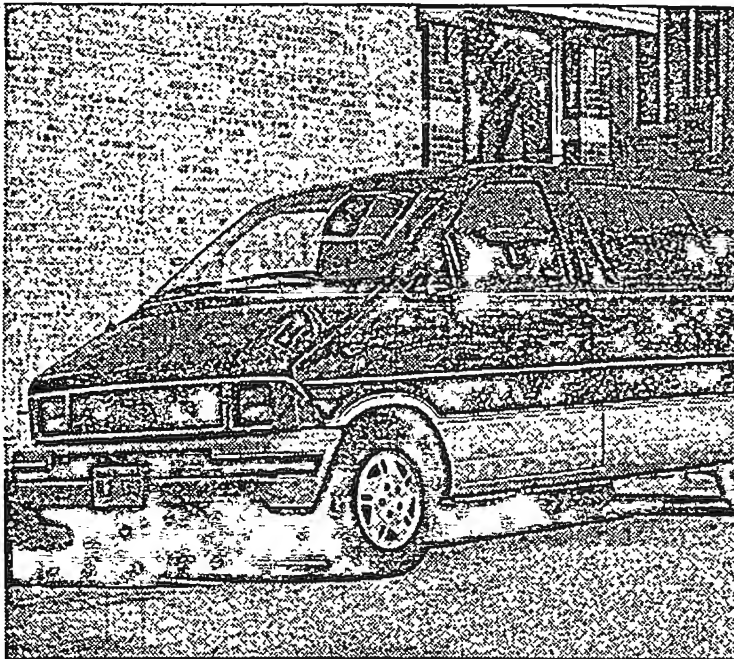
Of the 23 representatives who leased a mobile office in 1991, Rostenkowski's district was the smallest, according to a USA Today and Gannett News Service study.

Other representatives lease

mobile offices, like converted Winnebago mobile homes, to service constituents who live hundreds of miles from their official district offices. Rostenkowski's congressional office at the time, at 2148 N. Damen, was within 10 miles of any point in his district.

Rostenkowski has declined to discuss how he used his mobile offices—two vans and a station wagon.

In addition to his mobile offices, Rostenkowski also charges taxpayers to lease a 1988 Lincoln Continental for driving around the district.



SUN-TIMES/Rich Hein

The 1989 Ford Aerostar owned by Rostenkowski. Federal investigators are studying how Rostenkowski acquired the minivan and two other vehicles. The minivan is shown parked near his home.

(Mount Clipping in Space Below)

More House Records Sought in Postal Probe

By Michael Briggs

Sun-Times Washington Bureau

WASHINGTON--Federal prosecutors have sought more congressional records in a long-running investigation of embezzlement from the House post office and of Rep. Dan Rostenkowski (D-Ill.).

U.S. Attorney J. Ramsey Johnson asked the House Administration Committee chairman for a list of everyone interviewed last year in a preliminary investigation of the post office by the committee.

The top federal prosecutor for the District of Columbia also asked Rep. Charlie Rose (D-N.C.), the committee chairman, for notes and summaries of interviews of one present and four former post office employees who were questioned as part of the committee's preliminary investigation and a subsequent one by a special task force.

The Aug. 6 letter from Johnson had a conciliatory tone that was decidedly different than a July 20 letter to Rose, when Johnson raised concerns about apparently "missing" documents and indicated prosecutors were frustrated that their "repeated requests" for records may not have been fully satisfied.

Among what Johnson had called "unaccounted for" records were correspondence files of former House Postmaster Robert V. Rota

for recent years.

Rota has pleaded guilty to conspiracy and embezzlement from the post office on behalf of congressmen who were not named in the court papers but are believed to include Rostenkowski and former Pennsylvania congressman Joe P. Kolter. They have not been charged with any crime.

In the most recent letter, the prosecutor did not specifically mention the Rota files, but Johnson generally described as "very helpful" a meeting on Aug. 2 between prosecutors and House lawyers to discuss the prosecutors' earlier concerns.

The latest letter also asked for additional information, including the witness list from the committee's preliminary inquiry into the matter and the notes and summaries of interviews with the five former or present post office workers.

The five are Rota, the former postmaster; Joanna G. O'Rourke, the former post office chief of staff who earlier this year pleaded guilty to embezzlement; Nancy Auerbach Collins, who still works at the post office; James C. Smith, a retired post office manager who has cooperated with prosecutors; and Dorothea Niki Risenhoover, a former post office clerk who pleaded guilty last year to cocaine possession and conspiracy in a plea bargain that required her to help prosecutors.

(Indicate page, name of newspaper, city and state.)
Page 24
Chicago Sun-Times
Chicago, Illinois

Date: August 11, 1993
Edition: Late Sports Final

Title: MORE HOUSE RECORDS
SOUGHT IN POSTAL PROBE

Character:
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Submitting Office: Chicago

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Rostenkowski probe takes look at rug, vans

A federal grand jury investigating Rep. Dan Rostenkowski's (D-Ill.) personal finances is examining documents that indicate his congressional campaign fund paid for carpet delivered to his Near Northwest Side home.

According to a trustee of the now-bankrupt carpet store, the grand jury subpoenaed the records of the 1990 carpet purchase several months ago.

The jury is conducting a wide-ranging inquiry into Rostenkowski's use of federal and campaign money. The panel also is examining Rostenkowski's unusual car-leasing arrangement and payments to family members for office rent in Chicago. And it has subpoenaed numerous members of his family, friends and staff.

In addition to these Chicago-based matters, several witnesses have told prosecutors and the grand jury that Rostenkowski traded stamps, purchased with federal and campaign funds, for cash at the House post office.

Federal law prohibits using campaign or congressional funds for personal purposes. The powerful Chicago Democrat, chairman of the House Ways and Means Committee, has denied any wrongdoing.

His campaign committee, the Rostenkowski for Congress Committee, listed payments of \$3,300 for carpeting bought in November and December of 1990, campaign finance reports show.

"We got the subpoena and turned the documents over to the FBI," said William Grabscheid, a court-appointed trustee for the bankrupt firm, Carpet Wholesalers Inc. The subpoena requested copies of the invoice for the purchase, he said.

An attorney familiar with the records, said the invoice indicates the carpeting was delivered to 1372 W. Evergreen Ave., where Rostenkowski and his wife live.

It is unclear how much carpeting the committee purchased, because the amount is illegible on the invoice, the attorney said.

Rostenkowski's family owns three buildings at West Evergreen Avenue and North Noble Street. Besides the three-story home at 1372 W. Evergreen, he maintains a campaign office in an adjacent four-story complex at 1347-49 N. Noble St., where his sister lives.

Alvin Block, an attorney for the former owner of the carpet store, Allan Dolin, said Dolin was unaware that the purchase was being investigated.

Last week, a former employee of a Wilmette car dealer told federal prosecutors that subpoenaed records suggest Rostenkowski used taxpayer funds to purchase two vans over a four-year period.

The employee, Kevin Stiritz, who was a finance manager for

Wil-Shore Motors, said he told the grand jury that he saw nothing in the subpoenaed records to support Rostenkowski's contention that the vehicles were leased and that he or his campaign purchased them at the end of the lease period. And he said Rostenkowski's arrangement with Wil-Shore was unlike that of any other customer.

For years, Rostenkowski has used congressional money to lease vehicles for use in his district, a permitted practice. But in the case of the two vans, after the lease period expired, Rostenkowski or his campaign took possession of the vehicles.

Over the years, the payments of \$1,050 a month covered the purchase price of the vehicles, Stiritz said. Overall, Rostenkowski paid more than \$50,400 from his congressional expense account from 1987 to 1990 for the two vans.

Prosecutors are examining whether taxpayers were essentially financing the two vans and a third vehicle, a station wagon, that was also titled in Rostenkowski's name.

Stiritz said he reviewed the subpoenaed documents with federal prosecutors and the grand jury.

"I was asked specifically about the documents," said Stiritz, who quit the dealership in February. "Is there any indication there is a lease? Was there a lease? I was asked very specific questions by the grand jurors about the method

(Indicate page, name of newspaper, city and state.)

Chicago Tribune
Chicago, Illinois

August 12, 1993

Date:
Edition: Sports Final

Title: ROSTENKOWSKI PROBE TAKES
LOOK AT RUG, VANS

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

of payment."

Stiritz said he told prosecutors there was no indication that Rostenkowski had actually leased the vehicles from the dealership.

"There is no lease, period," Stiritz contended. "It was a 100 percent cash purchase. It never, ever was a lease. It was done for Dan's personal use. It is impossible for it to be a lease with the documents the way that they are."

Nevertheless, an employee of the dealership signed a sworn statement that was submitted to Congress saying the dealership was leasing the vehicles to Rostenkowski, Stiritz said.

Recalling his testimony, Stiritz said nothing in the subpoenaed files that he reviewed showed any payment for purchase of the vans other than the government funds. Stiritz said he told the grand jury he saw no record that Rostenkowski himself or his campaign committee had paid for them.

Rostenkowski has contended that, at the end of the lease period, his campaign committee paid more than \$9,000 for one of the vans, a Ford Econoline, and that he or his campaign committee also paid for the other van, a Ford Aerostar. The Ford Taurus station wagon was turned in to the dealership last December.

(Mount Clipping in Space Below)

House post office controversy: Bug grows into a monster

WASHINGTON—A few weeks after U.S. Capitol Police began investigating alleged embezzlement by House postal clerks in 1991, Police Chief Frank Kerrigan heard that aides to House Speaker Thomas Foley (D-Wash.) were upset that his detectives were pushing the case so hard.

So Kerrigan took a remarkable step for a longtime appointee on Capitol Hill: After the House's chief counsel, Steven Ross, asked for a meeting, Kerrigan and his deputies hid a tiny tape recorder in a television cabinet in the chief's office, turning it on just before Ross arrived.

As the tape whirled surreptitiously, Kerrigan later told House investigators, Ross accused the police of being out of control and chastised them for feeding evidence to prosecutors without seeking approval from House leaders.

But by Kerrigan's account, the most disturbing remark came a few minutes later, when Ross said the police "should cooperate" with House leaders, "because we were looking for a pay raise and other benefits and that we needed Congress' help in obtaining these."

Kerrigan and at least one of his deputies said they viewed Ross' comments as a veiled threat that they should back away from the potentially explosive investigation.

Ross adamantly denies he ever linked police pay to the postal inquiry or that he tried to impede it.

But over the last two years, this curious episode has come to crystallize serious questions about how Foley and his aides have handled the scandal at the House post office. And the concerns have escalated now that prosecutors are focusing intently on possible improprieties by a powerful House member, Rep. Dan Rostenkowski (D-Ill.).

No one has accused Foley and his staff of taking any actions to protect Rostenkowski, whose name did not surface in the investigation until nearly a year after the Ross-Kerrigan dispute.

Rostenkowski, chairman of the House Ways and Means Committee, has denied allegations that he pocketed at least \$20,000 by trading government stamp vouchers for cash.

But interviews and a close review of 500 pages of House reports show that, at several key moments, Foley's staff and other top Democrats appeared far more concerned about minimizing embarrassment to the House and its members than in quickly getting to the bottom of possible wrongdoing.

In that sense, the criticism mirrors complaints about Foley's performance during a scandal involving the House bank, which has eroded public confidence in Congress.

The harshest questions have been raised by federal prosecutors, who disclosed last year that they were examining whether any House officials had attempted to obstruct justice in the earliest stages of the postal inquiry.

Shortly after Kerrigan met with Ross, the police chief turned over the only copy of his tape recording to the prosecutors. Law-enforcement sources said a federal grand jury later called Ross and Heather Foley, the speaker's wife and chief of staff, to testify about any discussions they had with former House Postmaster Robert Rota on how to respond to the inquiry.

The criticism of Foley flared again last month when House Republicans accused him of trying to "cover up" information about the scandal.

(Indicate page, name of newspaper, city and state.)

Chicago Tribune
Chicago, Illinois

August 15, 1993

Date:
Edition: Sports Final

Title: HOUSE POST OFFICE
CONTROVERSY: BUG GROWS
INTO A MONSTER

Character:
or
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Indexing:

The GOP's charges came during a rancorous floor debate over whether the House should release thousands of pages of files from its own examination of the patronage-ridden postal facility.

Foley, 64, who has been speaker since 1989, responded angrily that he and his staff have done nothing wrong. He first said he favored releasing the files. But he later led his party in voting to keep them sealed after prosecutors said release could jeopardize parts of their investigation.

The wild card in judging Foley's actions could be what Rota, who recently became the seventh postal employee to plead guilty to federal charges, reveals about what happened after the first clerk admitted in May 1991 that he had embezzled government money.

Several defense lawyers said they believe there is little chance prosecutors will seek obstruction charges against any Foley aides.

But they also said Rota's cooperation could open a new window on his discussions with Heather

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Foley and Ross, and this is what GOP leaders were hoping to highlight in clamoring for release of the House files.

In a guarded interview with House investigators shortly after he was forced to resign last year, Rota said he had met Heather Foley and Ross on June 6, 1991, to seek advice on dealing with the Capitol Police, who work for Congress and are best known for providing security for the Capitol and prominent members.

At that point, the police already had conducted a surprise audit and were pressing to interview several postal tellers whose accounts were missing money.

According to House reports, Rota was upset that the detectives already had handed the audit to criminal prosecutors and would not give him a copy.

Rota said Ross told him at the June 6 meeting to make sure the workers knew that they had a right to decline to talk to police or to bring an attorney to an interview.

But, at Ross' direction, Rota said, he canceled all the interviews, setting off a flurry of negotiations that led to Kerrigan's taping of his meeting with Ross, which occurred June 19, 1991.

Ross, now in private practice, declined last week to discuss his actions. He told House investigators, however, that he did not recall talking to Rota before June 17.

Ross also said that, in his meeting with Kerrigan, he was concerned about whether the Capitol Police, as a legislative entity, should have been assisting prosecutors in the executive branch, even though the police had often done this in other types of cases. Ross said he sought only to replace the police with U.S. postal inspectors, better trained to root out fraud.

At Ross' suggestion, and with Foley's approval, the U.S. attorney here eventually agreed to give the inspectors the lead role.

Kerrigan, who is now retired, has complained that the change-over caused a one-month delay.

Then, in September 1991—just days after the first news stories appeared about overdrafts at the House bank—the postal inspectors reported to Rota that they had confirmed that tens of thousands of dollars were missing from postal coffers.

Rota immediately told Foley's staff. But Foley has acknowledged that his office did not pass on this information to House oversight committees until the Washington Times broke the story about the postal inquiry in January 1992.

And when a bipartisan House task force examined the postal operations as last year's elections approached, the Democrats proved skittish about disclosing much that might embarrass members. So the GOP wrote its own report, which was nearly four times the length of the Democrats' version.



Rep. Dan Rostenkowski



Robert Rota



Rep. Thomas Foley

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Chicago Tribune

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Editorial Page Editor · ANN MARIE LIPINSKI, Deputy Managing Editor

Monday, August 16, 1993

Voice of the people

Partisanship is a poor way to govern

WASHINGTON—Congressional Democrats are justly proud of enacting Bill Clinton's budget all by themselves. But it would have been a better process that might have yielded a better policy had we been able to win bipartisan support for this important legislation.

Republicans made this point repeatedly during the floor debate and they were right. The bill probably would have contained more spending cuts, a result I would have supported. What we should do now is not endlessly rehash the question of why the Republicans weren't there. Instead, leaders of both parties should be thinking of ways to avoid a recurrence.

I believe such partisan votes exact a price from both parties. For the Democrats, the need to hold 85 percent of House members together requires a bit of pandering to those on the fringes. This diminishes the power of those of us at the center. It also forces loyal Democrats to blindly defend the product that results for fear that criticism of the warts will be used against them in partisan debate.

But the damage to Republicans is more serious. They become marginalized and virtually irrelevant to the process. While the deep thinkers of the GOP may think they can recapture the White House by following Nancy Reagan's advice and just saying no, the Republican members I know came to Washington because they want to solve problems faced by their constituents.

Even if the big-picture Republicans were correct, their strategy is corrupt. There's no possibility they'll be able to govern in the near future without Democratic congressional cooperation. And their chances of such future

cooperation are steadily declining as they impose new rules on the game. Meanwhile individual Republican members—and their voters—pay a high price.

When they spurn the debate as a matter of party discipline, they deny themselves the opportunity to help their constituents. It is not an accident that none of the problems addressed were in districts represented by Republicans.

There is a growing number of Republicans in Congress who have never enjoyed the benefits of bipartisan cooperation. If we allow that number to grow, things will become worse. As one who wants to govern, I want to reverse this.

I write these words partly as an olive branch to them. Let us both learn from the bitter debate we have both participated in. Let us work together, despite our differences on issues, to avoid a recurrence.

As chairman of the Ways and Means Committee, I worked with Ronald Reagan and George Bush to enact positive legislation. The Democratic Party did not suffer because we tried to modify Republican proposals to a point where we could endorse them.

Now things have changed because the Democrats control the White House. But it would be a tragic mistake for my colleagues on both sides of the aisle to use this shift as an excuse not to cooperate.

The budget debate was an exhilarating victory for the Democrats. But it was not a pleasant experience. Now is the time for members of both parties to learn from experience so we are not doomed to repeat it.

U.S. Rep. Dan Rostenkowski

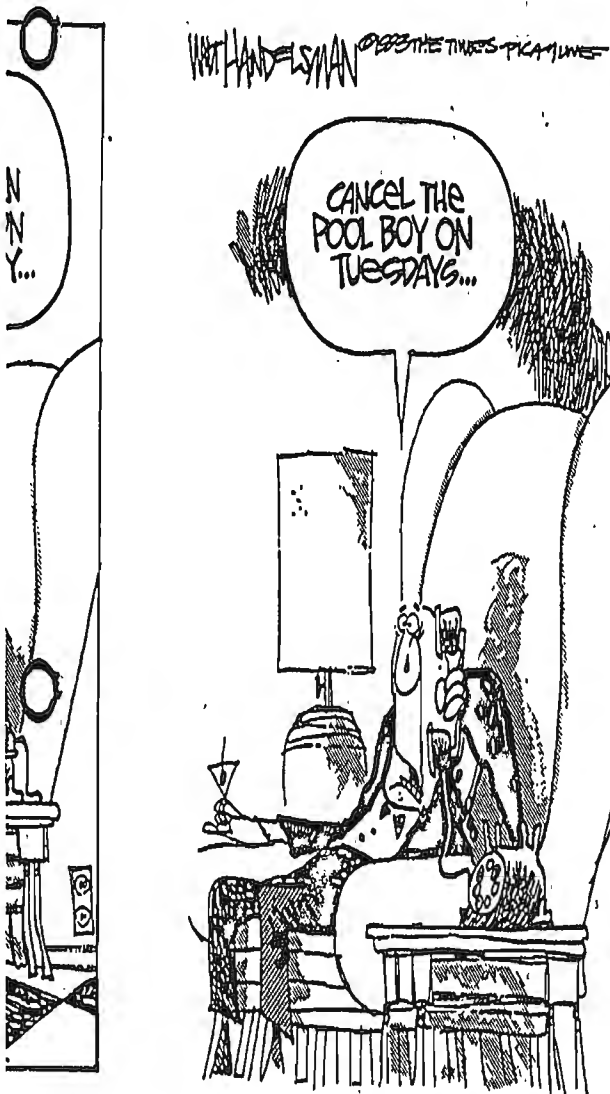
Guardian's good

JOLIET—I take extreme exception to your editorial criticism of Cook County Public Guardian Patrick Murphy ("Foster parents 1, DCFS 0," July 28).



A place for us all

AURORA—I am writing to voice my objection to the headline in the Aug. 8 WOMANews, "Disability victims tackle sexual issues." I am the mother of a young



uburbanites from parks

58C-WF-180673 & bN-111X6

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(Mount Clipping in Space Below)

Rosty Creates Defense Fund

Rep. Dan Rostenkowski (D-Ill.) will soon begin soliciting donations for a legal defense fund to pay lawyers' bills that are mounting from the federal investigation into his financial affairs.

Chicago businessman James McDonough, a former chairman of the CTA, confirmed Tuesday that Rostenkowski has asked him to act as trustee for the recently created legal defense fund.

Rostenkowski has used \$955,000 in campaign funds to pay his lawyers and those of associates called before a federal grand jury in Washington, D.C., which is looking into the House post office scandal and Rostenkowski's personal finances. His campaign fund has \$1.2 million remaining that could be used for legal bills, which may be topping \$400 an hour.

House rules allow lawmakers to avoid using their personal funds for lawyers by tapping their campaign funds or setting up legal defense funds.

The rules for donations to legal defense funds are much more liberal than for campaign funds.

By setting up a legal defense fund, Rostenkowski can solicit annual contributions of up to \$5,000 each from individuals and groups such as unions and corporations.

In contrast, individuals cannot give more than \$2,000 to a congressional campaign fund in a two-year period. Corporations and labor unions also are barred from making donations to congressional campaign funds.

Legal defense funds are nothing new on Capitol Hill. Several other high-profile congressmen and senators have established defense funds in the last decade when faced with criminal or congressional ethics charges.

The list includes Sen. Bob Packwood (R-Ore.), who faces sexual harassment charges; Sen. Alfonse M. D'Amato (R-N.Y.), who beat an ethics investigation into his fund-raising and relationships with lobbyists, and former House Speaker Jim Wright (D-Texas), who raised more than \$400,000 to fight ethics charges.

"Not many Americans have recourse to wealthy individuals and corporations if they are accused of a crime whether they are guilty or not," said Josh Goldstein, a critic of legal defense funds and a project director at the Center for Responsive Politics, a nonpartisan group in Washington, D.C., that monitors campaign funds.

"Congressmen attract money from people who want to influence public policy," he said.

Rostenkowski's aides referred calls for comment to his new attorney, Robert Bennett, who was on vacation and did not return messages. Rostenkowski has denied any wrongdoing.

Goldstein says setting up a legal defense fund allows donors who have already given their legal limit to the campaign fund a chance to give more.

He said Rostenkowski should have little problem raising money for his defense fund with the debate on health care reform coming before the pivotal House Ways and Means Committee, which Rostenkowski chairs.

Rostenkowski has been able to amass one of the largest campaign funds in the House with donations from people outside his district who have an interest in tax legislation before his committee. Rostenkowski would have to give up the Ways and Means chairmanship if he is indicted.

Rostenkowski will not have to disclose the names of any defense fund donors until May 15, the deadline for filing his personal financial disclosure forms.

(Indicate page, name of Page 1
newspaper, city and state.)
Chicago Sun-Times
Chicago, Illinois

Date: August 25, 1993
Edition: Late Sports Final

Title: ROSTY CREATES DEFENSE
FUND

Character:
or
Classification:
Submitting Office: Chicago

Indexing:

The House ethics committee approved the creation of Rostenkowski's legal defense fund earlier this month, according to McDonough, who was approved as the fund's trustee. Rostenkowski has not started soliciting money, McDonough said.

The ethics committee approved the use of the defense fund for the legal bills of Rostenkowski and his immediate family, said McDonough, who has known Rostenkowski for 30 years. McDonough said he had not discussed with Rostenkowski how much money will be raised or whether the fund would pay bills for the daughters of the lawmaker who have been called before the grand jury.

Defense fund money can only be used for legal expenses and cannot be converted to any other use. Any leftover funds must be returned to contributors or donated to charity, according to House rules.

McDonough said Rostenkowski approached him about setting up the fund after hiring the defense team of Robert Bennett and Carl Rauh, two high-powered Washington attorneys. Bennett, who has represented a number of government officials, reportedly charges \$415 an hour.

"[Rostenkowski] indicated that a proper defense exceeded his ability to pay," said McDonough, who, as trustee, will accept the donations and pay the bills.

McDonough heads McDonough Associates Inc., a Chicago engineering firm with contracts from local governments. He headed the city Streets and Sanitation Department under the late Mayor Richard J. Daley.

(Indicate page, name of newspaper, city and state.)
 Sec. 2, Pg. 5
 Chicago Tribune
 Chicago, Illinois

(Mount Clipping in Space Below)

Rostenkowski picks defense fund trustee

U.S. Rep. Dan Rostenkowski, who has spent \$358,000 in campaign funds to pay legal bills stemming from a federal investigation into his finances, will soon seek donations to a new legal defense fund.

A Chicago businessman, James McDonough, said Wednesday he has been tapped by Rostenkowski to serve as a trustee of the fund. McDonough said the House Ethics Committee approved creation of the fund about 10 days ago.

House rules permit congressmen to use campaign funds and legal defense funds in cases where the representative is the subject of a criminal investigation.

The Ethics Committee contends that the "protection of a member's reputation and presumption of innocence to be a valid political purpose," according to a House ethics manual.

But watchdog groups have criticized the creation of such defense funds, contending that it permits special-interest groups to make donations to congressmen.

Federal prosecutors in Washington are investigating whether Rostenkowski, a Democrat from Chicago's Northwest Side, illegally converted stamps to cash and whether he has illegally used campaign and congressional funds for personal use.

A federal grand jury investigating Rostenkowski is examining documents that indicate that his congressional campaign fund paid for carpet delivered to his home.

The panel also is examining Rostenkowski's car-leasing arrangement and payments to family members for office rent in Chicago. Numerous members of his family, friends and staff have been subpoenaed. He has denied any wrongdoing.

Rostenkowski, who is chairman of the House Ways and Means Committee, has changed lawyers three times during the investigation and also has paid attorneys who represent aides and his campaign committees, campaign records show.

Witnesses who have been subpoenaed have been told the investigation is likely to conclude in October.

McDonough said he is a longtime friend of the congressman, having met Rostenkowski 30 years ago when he played against a softball team sponsored by then-32nd Ward Democratic Committeeman Joseph Rostenkowski, the congressman's father.

McDonough is a former Streets and Sanitation commissioner under Mayor Richard J. Daley and an ex-chairman of the Chicago Transit Authority.

In his role as trustee, the House Ethics Committee requires that McDonough not have any family, business or employment relationship with Rostenkowski and that he serve as the chief fiduciary.

He said he won't be involved in soliciting funds and is still awaiting a meeting with attorneys to work out other details. "Hopefully, we are talking weeks, not months," he said.

Under House rules, Rostenkowski can receive donations of up to \$5,000 from individuals, corporations, unions and other interests for the defense fund. He must report the donations on his annual ethics statement if the donations exceed \$250.

Donors to his congressional committee can't exceed \$2,000 per election, and corporations and unions are prohibited from making any donations.

Date: August 26, 1993
 Edition: Sports Final

Title: ROSTENKOWSKI PICKS
 DEFENSE FUND TRUSTEE

Character:
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 Classification:
 Submitting Office: Chicago

Indexing:

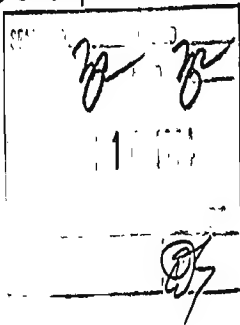


U.S. Rep. Dan Rostenkowski is under investigation by federal prosecutors in Washington.

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Car, Van Titles Tied to Rosty

Grand Jury Told Vehicles Owned and Not Leased

A grand jury witness in the investigation of U.S. Rep. Dan Rostenkowski says subpoenaed documents show a Wilmette auto dealer handled the lawmaker's acquisition of three vehicles as purchases and not as government leases, as Rostenkowski maintains.

The federal government is trying to determine if Rostenkowski illegally used \$73,000 in taxpayer funds to buy the vehicles and then disguised the payments as government leases for mobile offices.

The witness was Kevin Stirtz, a former employee of Wil-Shore Motor Sales Inc., who said the company's subpoenaed files which he examined for prosecutors, contained purchase documents and not lease contracts and worksheets.

He said the dealership's files looked to him like the transactions were "100 percent retail purchases." Stirtz was the finance manager for the dealership from October, 1992, until February, 1993.

Stirtz had no direct involvement or knowledge of the Rostenkowski transactions. Prosecutors asked him to examine the documents and explain the normal way business was done at the dealership. He is one of several former and current Wil-Shore employees to be subpoenaed.

The files did not contain such basic lease information as instructions for returning the car or purchasing it when the lease expired, he said. The only lease document he was shown was the one Rostenkowski filed with the House so that Wil-Shore would get paid.

Stirtz said he spent Monday and Tuesday in Washington, D.C., with prosecutors and grand jurors investigating how the vehicles became Rostenkowski's personal property.

The federal investigation of the vehicles began after a Jan. 24 report in the Chicago Sun-Times questioned whether Rostenkowski had improperly used his congressional expense allowance to acquire the two vans and a station wagon.

Rostenkowski has denied any wrongdoing involving the vehicles and his aides insist the vehicles were leased. He's also denied allegations in the House post office scandal that he embezzled cash through transactions disguised as stamp purchases.

Robert S. Bennett, his Washington attorney, warned Friday night that "people should withhold judgment until all the evidence is in."

The congressman is entitled to due process, and trial in the press and by the press violates that.

"You should question the motives of someone who goes into the grand jury and testifies in what is essentially a secret proceeding and then the newspapers to report on the testimony."

Witnesses before a federal grand jury are free to discuss their testimony, according to federal rules.

Beginning in February, 1987, records show Rostenkowski billed taxpayers \$1,050 a month for "mobile offices" he told Congress he was leasing for two years each. They were a customized 1987 Ford Econoline van, a 1989 Ford Aerostar minivan and a 1991 Ford Taurus wagon.

The Sun-Times revealed that the \$1,050 monthly payments made directly to the dealership exceeded the customary leasing cost for such vehicles. And unlike a standard lease, the cars were titled in Rostenkowski's name as soon as the payments started.

(Indicate page, name of newspaper, city and state.)

Date: 8/8/93

Edition: CHICAGO SUN-TIMES

Title: PLATE BLOCK
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Stirtz was asked by prosecutor whether lease cars ever were put in the name of the person leasing the vehicle and he said he responded "It is never done." He said the name is always kept in the name of the owner; in a standard lease, it would be the leasing company.

He said putting the car titles immediately in Rostenkowski's name was one of the signs the congressman was being treated as the owner and not the lessor. Rostenkowski also did not list the vehicles as leased in the title applications.

He said he was asked about one document that could indicate a lease: an insurance policy on one of the vehicles which listed Wil-Shore as a "lessee payee." Stirtz said this meant Wil-Shore would get the insurance proceeds if anything happened to the car.

Stirtz said the files showed the purchase prices of three vehicles were \$25,000 for the Econoline, \$21,000 for the Aerostar and \$25,000 for the Taurus—close to the \$25,000 taxpayers paid during each two-year lease periods.

After the lease periods ended, Rostenkowski retained ownership of the Econoline van and the Aerostar minivan. He has maintained he purchased the vehicles at end of the leases, using \$9,715 campaign funds for the van and undisclosed amount of personal funds to purchase the minivan.

did not see any
ments in the files

he examined.

Donald Roberts, the owner of Wil-Shore, could not be reached for comment Friday. He told the Sun-Times in the past that Rostenkowski "bought his cars from me in a normal fashion. I don't know what arrangement he has made with the government to pay for the cars."

Federal prosecutors also questioned Stirtz about when the Taurus wagon was returned to Wil-Shore.

Rostenkowski has said he returned the wagon in November, 1992, before the lease was up and before the Sun-Times began asking questions about the vehicles in December.

Prosecutors showed Stirtz a copy of the Taurus' title that Rostenkowski had signed and given to Wil-Shore. His signature was dated Nov. 13 or 16, 1992, Stirtz said.

He told prosecutors the car was returned in late December or early January after Sun-Times inquiries.

He said the day the car was returned, he saw a man who could

have been Rostenkowski leaving the dealership. He said he was told later by other employees that Rostenkowski had returned the car himself that day.

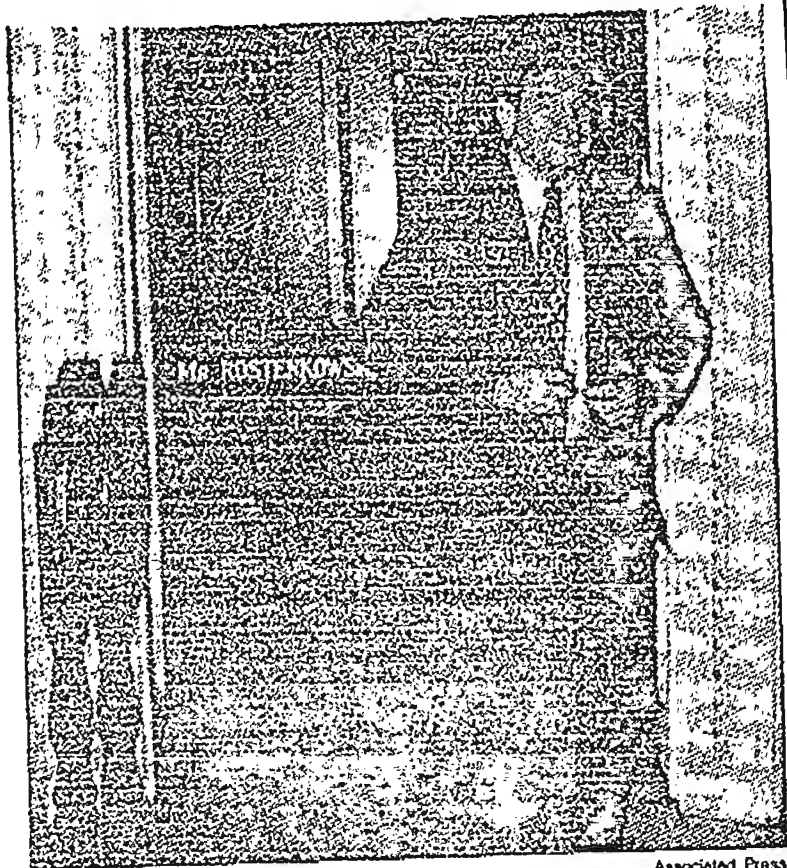
All three vehicles still are in Rostenkowski's name, according to the Illinois secretary of state's office.

All three vehicles were ordered with trailer hitches and heavy duty suspensions, Stirtz said. The Taurus had a radio installed, a remote starter and an \$800 alarm system, he said.

Stirtz said he also was asked what he knew about Rostenkowski's use of campaign funds at Wil-Shore. He said he had no knowledge of those transactions.

The grand jury also appears to be trying to determine if Rostenkowski used campaign funds to acquire personal vehicles at Wil-Shore, other sources have said.

The Rostenkowski for Congress Committee paid \$68,440 to Wil-Shore between 1975 and 1988. He and his wife have title to many Wil-Shore dur-



Associated Press

U.S. Rep. Dan Rostenkowski (D-Ill.) leaves his office on Capitol Hill Thursday. A grand jury is trying to determine if Rostenkowski illegally used \$73,000 in taxpayer funds to buy three vehicles.

WHO USES MOBILE OFFICES

A mobile office makes sense for U.S. Rep. Bill Sarpalius. His Texas district is 34,619 square miles.

Dan Rostenkowski had one of the smallest districts in Congress in the last session, some 33 square miles. Yet for six years he charged taxpayers a hefty \$1,050 a month to lease a mobile office.

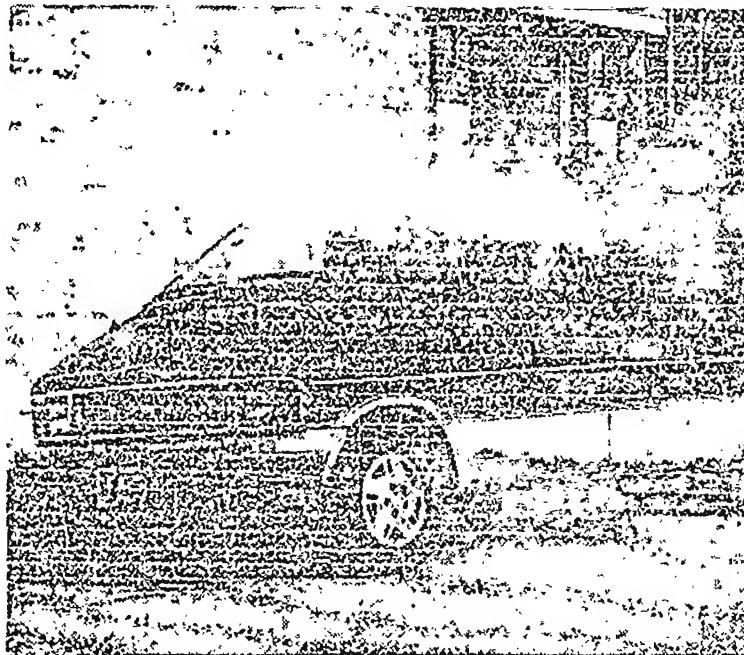
Of the 23 representatives who leased a mobile office in 1991, Rostenkowski's district was the smallest, according to a USA Today and Gannett News Service study.

Other representatives

mobile offices, like converted Winnebago mobile homes, to service constituents who live hundreds of miles from their official district offices. Rostenkowski's congressional office at the time, at 2148 N. Damen, was within 10 miles of any point in his district.

Rostenkowski has declined to discuss how he used his mobile offices—two vans and a station wagon.

In addition to his mobile offices, Rostenkowski also charges taxpayers to lease a 1989 Lincoln Continental for driving around the district.



SUN-TMCS/Rich Hein

The 1989 Ford Aerostar owned by Rostenkowski. Federal investigators are studying how Rostenkowski acquired the minivan and other vehicles. The minivan is shown parked near his

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8/9/93
WASHINGTON POSTDate: PLATE BLOCK
Edition: 00: WF582-WF-180673
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JACK ANDERSON and MICHAEL BINSTEN**If Rostenkowski Falls**

The man Tampa residents call "Silent Sam" may soon become a booming voice on Capitol Hill. For more than a quarter century, Rep. Sam Gibbons (D-Fla.) has worked in the shadows of other representatives on the House Ways and Means Committee. If Ways and Means Chairman Dan Rostenkowski (D-Ill.) is the pit bull of the House, Sam Gibbons may be its poodle. Friends and foes alike describe him as Capitol Hill's nice guy. Even his campaigns are free from mudslinging and marked by civility.

If Rostenkowski, who is under federal investigation, is indicted and forced to relinquish the chairmanship, Gibbons would become interim chairman of the tax-writing committee. Rostenkowski has been under investigation for allegedly scheming to exchange postage stamps and vouchers for \$20,000 cash at the House Post Office.

The White House had counted on Rostenkowski to be its field general for some major domestic priorities in the coming months, notably health care reform and the North American Free Trade Agreement.

On health care, Gibbons's ideas clash with the administration's. Even on free trade, which Gibbons has supported for decades, he was passed over in favor of fellow committee member Robert T. Matsui (D-Calif.) as the committee's chief vote-getter on NAFTA.

Speculation in the House has centered on the possibility of a more collective leadership at Ways and Means if Gibbons becomes chairman. Nagging doubts about Gibbons's leadership have led some to speculate that longtime committee member Charles B. Rangel (D-N.Y.) would be picking up some of the slack on major issues.

"[Gibbons] is part of a smallish, somewhat diminishing clique of southern and South-central Democrats on Ways and Means who are for things like capital gains [tax cuts]," one senior congressional staff member said. "They do not represent the mainstream of the committee, and Gibbons is very much their leader. He doesn't have a major voice in Congress and is rarely heard from except when his vote is vital."

Gibbons will not speculate on Rostenkowski's future—the chairman has said he is innocent—but the prospect of taking over Ways and Means has been a goal since he joined the panel 25 years ago.

"I've wanted to be chairman ever since I've been here," Gibbons told our associate Jan Moller.

On the possibilities open to him should a leadership change occur, Gibbons will say only that "the longer one stays here, the more one learns not to take anything for granted."

With speculation running high about Rostenkowski's future, Gibbons's campaign coffers have been overflowing. Campaign contributions are the lifeblood of incumbency in Congress, and Gibbons appears to be taking full advantage of his peculiar position.

The first six months of a congressional term tend to be downtime for contributors, yet Gibbons's campaign machinery has been in full swing for several months. In the first six months of 1993, Gibbons raised more than \$209,000 for his 1994 reelection campaign. By comparison, Gibbons's contributions totaled a mere \$16,531 for the first six months of 1991, during the last election cycle.

Gibbons told us he had to begin raising money earlier this time around because his campaign funds were largely depleted after the 1992 campaign, which he won with 57 percent of the vote. Thus, he began holding fund-raisers last spring rather than waiting until later in the year, as he has in the past. He told us the current election cycle is no different from anything he has done in the past. "I haven't found them [lobbyists] beating down my door," Gibbons says.

But to others, Gibbons's popularity on the money circuit is merely a sign of the lobbying community's desire to hedge its bets on Rostenkowski's future. "It's like a stock market," one longtime House staff worker said. "His [Gibbons's] stock is high right now. He's a much more important figure now than he was six months ago."

Gibbons's stock may be higher, and it may be reflected in his campaign coffers, but at least one prominent contributor who lobbies on trade matters believes there is nothing different about this election cycle. "I don't think it has anything to do with people trying to anticipate whether or not [Rostenkowski] gets indicted. He [Gibbons] will attract a certain amount of attention and support" no matter what happens, the lobbyist said.

Besides, the lobbyist continued, "Nobody bets against a committee chairman like Dan Rostenkowski."

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INFORMED SOURCES

Who Will Fill Colin Powell's Shoes?
WASHINGTON—President Clinton hasn't made a final decision about who will replace **GENERAL COLIN POWELL** as Chairman of the Joint Chiefs of Staff, but a source close to the selection process has told **TIME** that two candidates have emerged as front runners. Leading the pack is Air Force General George ("Lee") Butler, and for now Marine General Joseph Hoar is holding on to second place. Since Powell and his immediate predecessor have come from the Army and Navy respectively, the normal rotation would suggest that the next Joint Chiefs Chairman be a general, such as Butler, from the Air Force. Nonetheless, Hoar is considered a strong contender because of what some see as his first-rate job as head of America's forces in the Middle East.

The Navy Prevails over Clinton Pledge
WASHINGTON—Having beaten the President on the gays-in-uniform issue, the military has challenged Clinton's resolve on other campaign promises. In one instance, the Navy appears to have done so successfully: it has persuaded Clinton to drop his pledge to reduce the number of carrier task forces from 13 to 10. A forthcoming Pentagon planning document states that the Navy will retain 12 of its carrier battle groups. Depending on how many vessels each one includes, a carrier battle group costs upwards of \$20 billion.

The Traditional Sending of the Résumés
CHICAGO—If the loyalty of staff in times of trouble is any indication of a politician's fate, then **DAN ROSTENKOWSKI's** future may not be bright. The chairman of the House Ways and Means Committee faces the threat of prosecution for embezzlement, and his senior aides are experiencing a grave crisis of confidence. Concerned and panicky, some employees of the Congressman who have been with him for many of his 16 terms are working the halls on Capitol Hill looking for new jobs and angling for yet-to-be-filled Administration posts. Rostenkowski has denied that he engaged in any illegal or unethical conduct.



Dan Rostenkowski

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Rostenkowski probe takes look at r

By Ray Gibson
 TRIBUNE STAFF WRITER

A federal grand jury investigating Rep. Dan Rostenkowski's (D-Ill.) personal finances is examining documents that indicate his congressional campaign fund paid for carpet, delivered to his Near Northwest Side home.

According to a trustee of the now-bankrupt carpet store, the grand jury subpoenaed the records of the 1990 carpet purchase several months ago.

The jury is conducting a wide-ranging inquiry into Rostenkowski's use of federal and campaign money. The panel also is examining Rostenkowski's unusual car-leasing arrangement and payments to family members for office rent in Chicago. And it has subpoenaed numerous members of his family, friends and staff.

In addition to these Chicago-based matters, several witnesses have told prosecutors and the grand jury that Rostenkowski traded stamps, purchased with federal and campaign funds, for cash at the House post office.

Federal law prohibits using campaign or congressional funds for personal purposes. The powerful Chicago Democrat, chairman of the House Ways and Means Committee, has denied any wrongdoing.

His campaign committee, the Rostenkowski for Congress Committee, listed payments of \$3,300

for carpeting bought in November and December of 1990, campaign finance reports show.

"We got the subpoena and turned the documents over to the FBI," said William Grabscheid, a court-appointed trustee for the bankrupt firm, Carpet Wholesalers Inc. The subpoena requested copies of the invoice for the purchase, he said.

An attorney familiar with the records said the invoice indicates the carpeting was delivered to 1372 W. Evergreen Ave., where Rostenkowski and his wife live.

It is unclear how much carpeting the committee purchased because the amount is illegible on the invoice, the attorney said.

Rostenkowski's family owns three buildings at West Evergreen Avenue and North Noble Street. Besides the three-story home at 1372 W. Evergreen, he maintains a campaign office in an adjacent four-story complex at 1347-49 N. Noble St., where his sister lives.

Alvin Block, an attorney for the former owner of the carpet store, Allan Dolin, said Dolin was unaware that the purchase was being investigated.

Last week, a former employee of a Wilmette car dealer told federal prosecutors that subpoenaed records suggest Rostenkowski used taxpayer funds to purchase two vans over a four-year period.

The employee, Kevin Stiritz, who was a finance manager for

Wil-Shore Motors, said he told the grand jury that he saw nothing in the subpoenaed records to support Rostenkowski's contention that the vehicles were leased and that he or his campaign purchased them at the end of the lease period. And he said Rostenkowski's arrangement with Wil-Shore was unlike that of any other customer.

For years, Rostenkowski has used congressional money to lease vehicles for use in his district, a permitted practice. But in the case of the two vans, after the lease period expired, Rostenkowski or his campaign took possession of the vehicles.

Over the years, the payments of \$1,050 a month covered the purchase price of the vehicles, Stiritz said. Overall, Rostenkowski paid more than \$50,400 from his congressional expense account from 1987 to 1990 for the two vans.

Prosecutors are examining whether taxpayers were essentially financing the two vans and a third vehicle, a station wagon, that was also titled in Rostenkowski's name.

Stiritz said he reviewed the subpoenaed documents with federal prosecutors and the grand jury.

"I was asked specifically about the documents," said Stiritz, who quit the dealership in February. "Is there any indication there is a lease? Was there a lease? I was asked very specific questions by the grand jurors about the method

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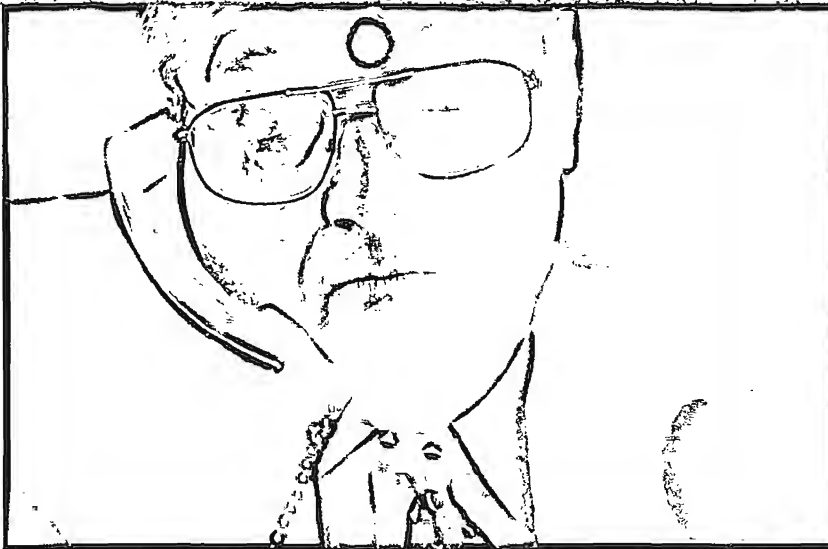
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DAVID BURNETT—CONTACT FOR TIME

NEVER ON HOLD Bennett is the man who counts in what he calls a "mean, mean town"

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WHEN VERY BIG PEOPLE IN WASHINGTON find themselves in very big trouble, they dial 202-371-7000. Washington's consummate fixer Clark Clifford did; so did former Secretary of Defense Caspar Weinberger. Even Marge Schott, of Cincinnati Reds infamy. The number gets them the prestigious firm of Skadden, Arps, Slate, Meagher & Flom—and access to Robert Bennett, Washington's new superlawyer. Not since 1973 has a jury trial sent a Bennett client to prison—and he got that client off with three years for second-degree murder instead of 20 years for first.

So it was no surprise that Bennett has appeared at the side of Representative Dan Rostenkowski, the powerful chairman of the House Ways and Means Committee, who has been implicated in the congressional post office stamps-for-cash scandal. "The chairman decided he'd better get a fighter," explains a Rostenkowski friend. "Bennett is a tough trial lawyer who's not going to make a deal." Rostenkowski—a major force in reshaping President Clinton's budget—could be indicted on charges far exceeding the 29-penny-ante stamp scam, including misuse of campaign funds. After days of stonewalling, the chairman called a press conference to deny the allegations, to put the government on notice that Bennett would not let his client simply twist in the wind and to show that Rostenkowski was going to fight it.

The action was classic Bennett. The

lawyer likes to combine shrewd use of the media with concern for his client's state of mind. Says Weinberger, who was indicted (and pardoned) for his role in the Iran-contra affair: "Bob is crucial because of the terrorist approach of prosecutors. They hope the person they target will fold up, blow away and plead guilty."

Bennett, the elder brother of former drug czar (and Republican presidential hopeful) Bill, has spent 35 of his 54 years in Washington. But he was shaped by blue-collar Brooklyn and nuns that made him toe the line ("If you did something wrong, they hit you"). He was a Flatbush Boys Club boxing champ, such a scrapper that his mother paid him a nickel for each day he didn't get into a fight.

These days he's paid \$1 million or so a year to take on fights. He doesn't cut much of a figure—beefy and rumpled. But as the courtroom action begins, he's Clark Kent emerging from the telephone booth in his cape—energetic, dominating, intuitive, shooting out questions like laser beams.

Apart from instructing juries on the prosecutor's evil ways, Bennett has two passions: fly-fishing in Montana, where he has a house on the Yellowstone River, and poker, which he plays with such friends as Supreme Court Chief Justice William Rehnquist, Justice Antonin Scalia and former Nixon adviser Leonard Garment. While others talk about politics, Bennett concentrates on the cards. He does not like to lose. Yet he is well aware of what he's best at. A fishing buddy remembers a Bennett attempt at gratitude. "You helped me so much," said Bennett, "I wish there was something I could do in return. Maybe you could get indicted."

—By Bonnie Angelo.

Reported by Nancy Traver/Washington

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A10. FRIDAY, SEPTEMBER 24, 1993

THE WASHINGTON POST

Decision on Indictment of Rostenkowski Said to Be Likely Next Month

By Kenneth J. Cooper
and Michael York
Washington Post Staff Writers

A decision on whether to seek indictments against Ways and Means Chairman Dan Rostenkowski (D-Ill.) is likely next month, now that the Senate has confirmed a new U.S. attorney for the District, sources familiar with the investigation said.

Superior Court Judge Eric H. Holder Jr., confirmed on a voice vote Tuesday to a four-year term, is scheduled to take his oath early next month and, according to the sources, review the House Post Office investigation as one of his first official acts.

A federal grand jury has conducted a lengthy investigation of allegations that Rostenkowski embezzled thousands of dollars in House Post Office funds in transactions disguised as official stamp purchases.

That grand jury's term expires at the end of October.

That deadline gives Holder a few weeks to decide whether to ask the grand jury to indict Rostenkowski. The new prosecutor could instead seek to extend the panel's term a second time.

A less likely option would be for Holder to present the politically charged case anew to another 23-member grand jury.

"We are very hopeful of getting a meaningful review by the U.S. attorney," said Robert Bennett, Rostenkowski's lawyer. "We believe there are very serious issues regarding the quality of evidence and the credibility of persons making the allegations."

The embezzlement allegations come mainly from former House postmaster Robert V. Rota, who resigned under pressure last year after two decades. In a July plea agreement entered in open court,

Rota attested to having given Rostenkowski \$21,300 since 1985 in exchange for House vouchers for postage or for stamps that had been purchased previously at the House Post Office.

Rota pleaded guilty to misdemeanors and agreed to cooperate with prosecutors.

In his review, Holder must weigh potential challenges to Rota's credibility, sources said. Holder declined yesterday to comment on the case.

Rota admitted in court papers that on two previous occasions he denied to investigators any knowledge of stamps-for-cash exchanges. He made the denials to federal prosecutors in 1980 and to House Administration Committee investigators in early 1992.

In addition, Rota has a nervous manner that was apparent in the courtroom when he pleaded guilty and even when he testified before House committees.

Prosecutors are not known to

have witnesses besides Rota who saw the postmaster give Rostenkowski cash. The grand jury does have the official vouchers for postage signed by Rostenkowski.

The prosecution could elicit corroboration of a pattern of unlawful stamps-for-cash exchanges from Mary C. Bowman, longtime supervisor of House Post Office accounts until she retired in May 1987.

Court papers indicate the exchanges began when House Democrats elected Rota as postmaster in 1972.

Those papers cast Bowman—though not by name—as facilitating the exchanges by providing the cash for them to Rota. A five-year statute of limitations prevents prosecution of Bowman, 72.

In a brief interview, Bowman said she had firsthand knowledge of some of the transactions that Rota described, but Bowman did not specifically say she witnessed any of them.

Bowman said she had only done what House members had asked of her and at the time she had been assured—by whom, she did not say—that the transactions were legal.

Prosecutors have interviewed her, Bowman said.

One of her successors, James Smith, first told prosecutors of the alleged exchanges last year. It is not clear that Smith, a longtime employee who has since left his post office job, saw the exchanges take place.

Rostenkowski's stamp purchases appear unusual for a lawmaker able to send official mail free under the congressional frank. His stamp purchases, listed in published quarterly reports on House expenditures, far outstripped any other member's. Rostenkowski has denied wrongdoing and has accused the former U.S. attorney, Republican Jay B. Stephens, of conducting a political witch hunt.

Bennett complained of Stephens's televised statements earlier this year confirming the investigation and suggesting that indictments of Rostenkowski were imminent.

"Hopefully, the efforts of former U.S. attorney Stephens to poison the well of fairness will not be successful, and we will get a fair review, and the government will decline prosecution," Bennett said yesterday.

TODAY IN CONGRESS

SENATE

Meets at 9:30 a.m.
Committees:
Labor & Human Resources—10 a.m.
Nominations to the Legal Services Corp. board of directors. 430 Dirksen Office Bldg.

HOUSE

Not in session.
Committees: none.

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The Washington Times

WASHINGTON, D.C., WEDNESDAY, OCTOBER 20, 1993 **

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House post office scandal probe expands

By Paul M. Rodriguez
THE WASHINGTON TIMES

The federal investigation into the House post office scandal is expanding to include questions about new information and is expected to delay a decision on whether to indict Rep. Dan Rostenkowski until well past October, The Washington Times has learned.

Full details about the expansion of the inquiry, now in its 25th month, or the new information could not be learned last night.

Calls last night to Mr. Rostenkowski's attorney were not returned.

But federal sources said yesterday that a report by The Washington Times, published last week, about

New information surfaces about Rostenkowski

missing payroll files on Mr. Rostenkowski's staff is one of the questions the grand jury is seeking answers to.

House officials discovered the documents were missing late last month when they tried to comply with a grand jury subpoena for Mr. Rostenkowski's staff payroll records.

The missing records prompted the firing of a longtime House employee who had worked exclusively on the Illinois Democrat's personnel files and the beginning of an internal investigation by House officials.

A House Administration subcommittee that oversees payroll oper-

ations and personnel records will hold a public hearing today to determine how the confidential records were lost.

Federal sources, who asked not to be identified, said last night the grand jury is looking not only into the missing documents but also new information about Mr. Rostenkowski and others implicated in the scandal.

"I cannot get into the specifics with you," said one of the sources familiar with the ongoing investigation. But "it has got something to do with Rostenkowski and his dealings in Chicago going back several years."

The source said the grand jury is looking at the relationships between Mr. Rostenkowski and several of his political associates, with whom the congressman has had business and other dealings.

"There's a lot of interest in the flow of money" to several of Mr. Rostenkowski's campaign and political action committees and "deals" involving local and federal legislation, the source said.

Mr. Rostenkowski, who chairs the tax-writing House Ways and Means Committee, is counted on by President Clinton and congressional Democrats to work of passage of the

president's health care legislation.

Reports that prosecutors, led by U.S. Attorney Eric Holder Jr., had expanded their investigation came as a surprise to many on Capitol Hill, partly because of rumors that the inquiry was to be suspended.

However, a variety of federal sources yesterday sought to squelch reports that prosecutors would not obtain more indictments before the current grand jury's authority expires at the end of October.

At least six former post office employees, the former postmaster, and an aide to former Rep. Joe Kolter, Pennsylvania Democrat, have been convicted on several charges, in-

see POSTAL, page A19



Under scrutiny: Rep. Dan Rostenkowski is the subject of an expanding grand jury probe.

POSTAL

From page A1

cluding embezzlement and conducting illegal drug sales.

Mr. Kolter, Mr. Rostenkowski and Rep. Austin J. Murphy, Pennsylvania Democrat, have been caught up in the two-year probe of the post office and charges of corruption. All three have denied wrongdoing, and have invoked their Fifth Amendment protection against self-incrimination in testimony before the grand jury.

Federal sources declined last night to confirm or deny reports that Mr. Holder, the newly appointed U.S. attorney, would seek an extension of the grand jury beyond its expiration.

"There are no considerations being given to the deadline on the current grand jury," a source said. "I expect it will be several more weeks

if not months before you hear that [the investigation is] over."

"I can tell you this much — there are no indications that prosecutors feel their case is weak," said another person.

Current and former federal officials said yesterday that new leads in the investigation are not connected to charges of wrongdoing directly linked to the post office.

Those allegations focus on a money-laundering scheme, in which office stamps and expense vouchers were converted illegally for cash by a number of lawmakers and their staff.

Mr. Rostenkowski has been identified by persons, news reports and indirectly by federal prosecutors as having improperly converted about \$23,000 in stamps.

He also has been implicated in news reports of having improperly billed the House for leased cars and office space.

Speaker Thomas S. Foley confirmed Oct. 12 that payroll records for Mr. Rostenkowski's office were missing when subpoenaed by the federal grand jury. The Washington Democrat said the missing paperwork authorizes the hiring of an employee or a change in salary.

The speaker said he was briefed on the matter recently and that as soon as he found out about the missing documents, he ordered staffers to inform the U.S. Attorney's Office immediately.

Among those questioned by the grand jury lately was a fired payroll counselor who worked on Mr. Rostenkowski's payroll records for nearly 13 years instead of being rotated every two years as other counselors were.

Mr. Foley said that "in the past, it would not have [been] the same payroll counselor" assigned to a congressman for so long.

Oversight unit asks for probe

210 Rostenkowski records missing

By Paul M. Rodriguez
THE WASHINGTON TIMES

A bipartisan House panel yesterday called on the House ethics committee to investigate the disappearance of hundreds of payroll records involving the staff of Rep. Dan Rostenkowski.

The decision by the special oversight panel of the House Administration Committee followed new testimony yesterday from senior House officials who confirmed that various procedural violations may have contributed to the missing documents.

House officials discovered the payroll authorization vouchers were missing in late September when they tried to comply with a federal grand jury subpoena for Mr. Rostenkowski's staff payroll records.

The hearing yesterday followed a report last week in The Washington Times about the missing records and details about the firing of a long-time payroll counselor who worked in the House Finance Office exclusively on the Illinois Democrat's personnel matters.

The grand jury has been probing Mr. Rostenkowski, chairman of the powerful tax-writing Ways and Means Committee, for nearly two years as part of a larger investigation of the scandal-plagued House post office.

Initially, House officials believed only a few of the Rostenkowski payroll vouchers, used to adjust employee salaries, were missing.

But two House officials — Leonard E. Wishart III, director of non-legislative affairs, and Michael Heny Jr., chief of the finance office — testified yesterday that 210 files were missing.

Mr. Wishart also said the payroll authorization forms for another three employees were missing and that some records for at least 12 employees were gone as well.

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"As a result of this [information], the oversight subcommittee hereby requests that your committee reviews possible ethical violations of policies pertaining to the operation of the Finance Office," Rep. Charlie Rose, North Carolina Democrat and chairman of the panel, and Rep. Bill Thomas of California, ranking Republican on the panel, wrote to their counterparts on the ethics committee.

The ethics panel, formally called the Committee on Standards of Official Conduct, already has pending a separate probe involving allegations of non-criminal activities by current and former lawmakers and House staff at the in-house mail facility.

Because of the ongoing grand jury probe, which is headed by U.S. Attorney Eric Holder Jr., the bipartisan ethics panel has deferred any action on the post office investigation until the federal criminal probe is completed.

See POSTAL, page A15.

POSTAL

From page A1.

Speculation that the federal investigation was winding down was refuted Tuesday when federal law enforcement sources said prosecutors had expanded their inquiry and expected it to continue for at least several weeks.

Mr. Rostenkowski and two Pennsylvania Democrats — former Rep. Joe Kolter and Rep. Austin J. Murphy — have been caught up in the post office scandal.

Court papers accompanying the guilty plea earlier this year of Robert V. Rota, the former House postmaster, linked Mr. Rostenkowski and Mr. Kolter to a stamps-for-cash

scheme that reportedly funneled thousands of dollars to the two lawmakers and "others."

The three congressmen have denied wrongdoing and each has invoked his Fifth Amendment rights against self-incrimination in refusing to testify before the grand jury, which is set to expire at the end of October.

Federal sources have told The Times that prosecutors are not concerned about the impending expiration of the grand jury and that if no extension is granted by a judge, the prosecutors will empanel a new grand jury.

Mr. Wishart, a retired Army lieutenant general hired last year after disclosures of wrongdoing at the post office and the now-closed House bank, said he became aware

of problems at the finance office only after the federal subpoena was served.

Despite the missing originals, he said the House was able to comply with the subpoena because of backup files kept by the finance office.


Mr. Wishart confirmed reports that, based on a random search of other payroll and personnel records, the only member whose office had missing records was Mr. Rostenkowski.

At least one of the three employees whose personnel files are missing is the daughter of a longtime Chicago-area politician with close ties to Mr. Rostenkowski, according to congressional and federal law enforcement sources who spoke to The Times.

Some of these sources, who asked not to be identified, said earlier this week that prosecutors have looked at the relationship between Mr. Rostenkowski and several of his political associates in Chicago politics for possible wrongdoing.

Also testifying yesterday was Bruce Avner, 52, the payroll counselor who was fired for tampering with his own payroll-deduction records. Initially he was told the discharge was because of missing Rostenkowski records.

Mr. Avner, who has testified twice before the grand jury since his dismissal last month, has denied any wrongdoing. Commenting on the missing payroll records, he said he filled out all the proper forms and handed them to his superiors.

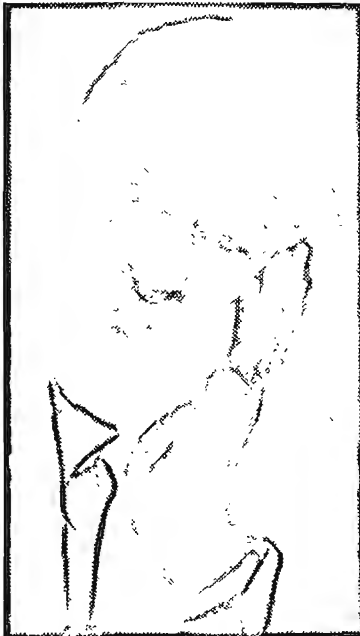


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A18 THURSDAY, OCTOBER 21, 1993



REP. DAN ROSTENKOWSKI

... grand jury probes his finances

U.S. Delays Decision on Rostenkowski

Prosecutors Weigh New Allegations

By Kenneth J. Cooper
and Michael York
Washington Post Staff Writers

Federal prosecutors have delayed a decision on whether to seek indictments against House Ways and Means Chairman Dan Rostenkowski (D-Ill.) to allow time to examine unspecified new allegations, sources close to the investigation said yesterday.

A decision on indictments had been considered likely this month. Eric Holder Jr. was installed as U.S. attorney two weeks ago, and the term of a federal grand jury that has investigated Rostenkowski for two years expires at the end of October.

In Sp

The grand jury's investigation initially focused on financial irregularities by employees of the House Post Office. In the spring of last year, the focus shifted to charges of unlawful exchanges of official expense vouchers for postage stamps and cash by Rostenkowski, Rep. Austin J. Murphy (D-Pa.) and former representative Joe Kolter (D-Pa.), whose expense records were subpoenaed.

Former House postmaster Robert V. Rota has pleaded guilty to misdemeanors and alleged in court papers that he made available \$21,000 to Rostenkowski under the guise of official postage purchases.

The grand jury inquiry has expanded several times to take in Rostenkowski's finances as well as his official and campaign arrangements for leased cars, direct mailings and offices.

It was unclear whether the grand jury's term would be extended so the 23-member panel could hear further testimony. Yesterday the scheduled appearance today of at least one witness was canceled. If the grand jury's term is not extended a second time, a new one could be impeached and given a review of past testimony and access to secret transcripts.

The sources would not specify the new allegations about Rostenkowski, but did say they concerned actions here and in his Chicago district. The extension of the investigation was described by sources as being "not for that long," suggesting a decision on whether to indict Rostenkowski would approach again in the coming months.

In another development, the House Administration Committee yesterday asked the ethics committee to investigate recordkeeping and procedural irregularities involving personnel records for Rostenkowski's office.

Leonard P. Wishart, House director of nonlegislative affairs, told a House Administration oversight subcommittee that Finance Office employees in September discovered 210 documents missing from the files of a dozen Rostenkowski employees. The documents authorized adjustments in pay, Wishart said.

The effects of the pay adjustments were recorded in financial reports published quarterly, while other public records signed by Rostenkowski certified that the employees did official work and how much they paid each month.

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Wishart also acknowledged that Rostenkowski, contrary to a written policy, was allowed to have his personnel transactions handled by the same Finance Office clerk from the early 1980s until last January. Personnel clerks were supposed to rotate every two years.

Bruce Abner, who was Rostenkowski's clerk until he was fired for altering his own payroll withholding form, told the subcommittee that he kept signed, otherwise blank payroll authorization forms for Rostenkowski in his desk. That was also a violation of Finance Office policy, he said.

House Administration Chairman Charlie Rose (D-N.C.) and Rep. Bill Thomas (Calif.), the committee's top Republican, requested the ethics investigation but said they did not know whether the missing forms figured in any wrongdoing.

"Does it allow anybody to steal anything? I'm not aware that it does," Rose said.

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Don't rush to judge Dan Rostenkowski

The Chicago business community is still trying to work off the shock of recognition that this city's most powerful friend in Congress, Dan Rostenkowski, may go down in flames. But before anyone jumps to conclusions, we suggest pausing to ask this question: What if Rep. Rostenkowski is innocent? It wouldn't be the first time that an easily manipulated press and overzealous prosecutors combined to build a case that won't stand up in court.

No doubt, the circumstantial evidence against Mr. Rostenkowski in the House cash-for-stamps scandal seems strong. What's more, corollary anecdotes carry a strong odor of Chicago-style political business as usual: Alleged improper diversion of public funds to run a phantom office on Chicago's Northwest Side and rental cars for family members have an all-too-familiar ring. So do allegations that the Chicago Board of Trade curried influence with the powerful Democratic chairman of the House Ways and Means Committee by hiring members of his family who weren't qualified for their positions.

But consider the following. The original U.S. attorney who prosecuted the House stamp case, Jay Stephens, now is running for U.S. Senate in Virginia—and he has two claims to fame. First, he sent Washington, D.C., Mayor Marion Barry to jail. Second, he got the ball rolling against Mr. Rostenkowski—a case marked from the start by improper leaks to the press. His team remains in place, and Mr. Stephens is helping them in an appalling display of unethical public accusations and comments. In an appearance on ABC-TV's "Nightline," Mr. Stephens predicted the imminent indictment of Mr. Rostenkowski over hundreds of thousands of dollars worth of fraud. In so doing, Mr. Stephens did something that no former prosecutor should ever do: publicly discuss information gleaned while he was in office and use that information to advance a political career.

There are other problems with this case. By the government's own admission, Mr. Rostenkowski's chief accuser, former House Postmaster Robert Rota, has lied on at least two occasions before during investigations of his office. An effective lawyer could easily destroy his credibility on the witness stand.

Yes, records show Mr. Rostenkowski was billed for a lot of stamps. But it's also true that the House Post Office was notorious for very sloppy accounting. Vouchers may have been generated by Mr. Rota and his staff on occasion to balance the books.

Then there's the question of motive. If Dan Rostenkowski wanted to amass wealth, all he needed to do was retire last year and convert more than \$1 million in unused campaign funds for his personal use.

It's not our intent to judge Dan Rostenkowski one way or the other; if he is guilty, the punishment should be severe. But his fate should be left to the courts, not the press and unethical careerists.

Time for an August session, guv



Leti

Handgun ban

■ I find it amazing that a publication so steeped in research and accuracy can print such a fallacious and misguided editorial ("Business must face rising handgun crisis," June 28).

Figures from the Bureau of Alcohol, Tobacco and Firearms state that only 7% of all criminals obtain their guns by lawful means. Just how do you expect a ban on handgun sales to affect this crisis of violence? How will a ban on guns protect employees in the workplace?

You have advocated support of tough national handgun legislation as a way for the business community to take a leadership role in the fight against violence in our country. I suggest you support aggressive prosecution of criminals and mandatory sentences for violent offenders rather than making these ridiculous statements that lead people to believe that gun bans would have any effect on violence. Criminals will get their guns regardless of legislation.

I am a gun owner and I have no problem with background checks or waiting periods. We already have them. But don't believe for a minute that the Brady bill, a ban on guns or any legislation will have the effect you seem to expect.

While you and many others focus on symptoms, the disease goes untreated. The violence our society endures is a result of the disintegration of the family and the deterioration of our values, not the availability of guns.

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Behold the rarest of events in the 1990s—a takeover battle.

In a struggle that could mean the loss of one of the few brokerage firms headquartered in Chicago, two hard-nosed investor groups are vying for control of Rodman & Renhaw Capital Group Inc.

A New York brokerage firm, Josephthal Lyon & Ross Inc., and a listy California investor Marshall Heller are fighting a battle that's escalating daily as each side boosts its ownership in the firm and jockeys for an advantage.

Yet despite all the drama, one nagging question remains: Why do they want this company so badly?

Rodman hasn't been able to produce a steady profit, even in the most lucrative years for the securities industry, and its productive assets—both personnel and operations—are fading. Over the past five years, it's lost a total of \$1.2 million.

Neither side is offering to buy Rodman outright, but Josephthal Lyon and Mr. Geller appear ready to go head-to-head to take control of the firm.

"Even with Rodman's lack of earnings, with our strong earnings, we would have very strong combined profits," asserts Dan Purjes, chairman and chief executive officer of Josephthal Lyon. "I think that, together, it would be a very, very attractive firm."

Though events are changing al-

most by the hour, Josephthal Lyon, a fast-growing brokerage house with 800 brokers that already owns 7.6% of Rodman's stock, appears to be the front-runner.

Rodman would give Josephthal Lyon a synergy that would likely boost the profits of a combined firm. Josephthal would give Rodman's top executives, who will have a big say in any merger, a sense of job security.

In fact, Rodman would complement Josephthal Lyon's operations
See Rodman on Page 45

Dan Purjes, chairman and CEO of Josephthal Lyon & Ross Inc., is fighting for Rodman: "I think that, together, it would be a very, very attractive firm."



Jordan's next play: pix book

By JIM O'DONNELL

Michael Jordan soars into publishing in a typically big way this fall, when Collins Publishers San Francisco releases his "photographic autobiography."

Collins plans to ship 250,000 coffee-table-style copies of "Rare Air: Michael on Michael" in mid-October, priced at \$50 hardcover and \$25 paperback.

The first printing could gross \$7 million in retail sales, according to industry sources.

"That is big, big time," says Ray Carroll, senior vice-president at Chicago-based Kroch's & Brentano's Inc. "It should bring people into bookstores during the holidays who otherwise would probably not be there."

Mr. Jordan's primary authorization agreement is with Rare Air Ltd., recently founded by Chicago sportswriter Mark Van-

Rosty's net worth has quite a run

It has doubled since '89, dwarfing stamp issue

By PAUL MERRION

WASHINGTON—Meet Dan Rostenkowski, investment tycoon.

No, we're not talking about his stamp collection, but a personal portfolio of securities and real estate that appears to be worth well into the seven figures.

It's well-known that the Chicago Democrat could have retired last year and kept more than \$1 million in campaign contributions for his personal use, which many consider to be the biggest argument against allegations that he used the House Post Office as a cash machine.

But financial disclosure reports

filed recently by Rep. Rostenkowski and his wife, LaVerne, point to an even better Exhibit A for his defense: Their net worth appears to have roughly doubled over the last four years, to at least \$691,053, and it could exceed \$2 million.

That doesn't include an undisclosed amount in a blind trust, which produced between \$55,000 and \$115,000 in income in the last two years—about a third to a half of their total outside income during that period. They reported no liabilities.

It also doesn't include the \$1-million campaign fund nest egg, which he can no longer collect due to a change in the law.

Despite his humble home and

rumpled clothes, Rep. Rostenkowski is now the second-wealthiest member of the Illinois delegation, after Rep. Sidney Yates, D-Chicago, according to a recent tally by *Illinois Politics* magazine.

While some of the Rostenkowskis' assets are tied up in retirement accounts, their combined investment income alone in any of the last four years—anywhere from \$37,340 to a high of \$178,002—far exceeds the amount specified in court filings related to the House Post Office investigation, which covers a period of several years.

While he has not been accused of anything and has stoutly maintained his innocence, Rep. Rostenkowski

Beware of quick judgments about Rosty.
Editorial, Page 12

has been implicated in a cash-for-stamps scheme in which former House Postmaster Robert Rota has pleaded guilty to conspiring with unnamed members of Congress to embezzle money from their office expense accounts and campaign funds.

About \$21,000 in stamp purchases cited in court papers reportedly match up with dates and amounts previously reported by Rep. Rostenkowski.

An alternative spin, of course, is that Rep. Rostenkowski's bulging portfolio reflects an alleged pattern

See Rosty on Page 44

OMC cleanup ends, Superfund goes on



Continued from Page 1

vice-president in the Chicago office of Standard Chartered Equitor Group, a subsidiary of England's Standard Chartered Bank.

Business sent Mr. Bushby back to Vietnam, where he's keeping tabs on the rapidly emerging securities markets for his clients. As an employee of a British company, he's allowed to conduct transactions there that would be illegal for a U.S. company.

But if President Clinton lifts the trade embargo against Vietnam in September, a small cadre of local veterans like Mr. Bushby, who have risen to middle- and top-level executive positions, will be asked in the name of commerce to confront the strong emotions still swirling around America's most bitter and divisive foreign war.

It promises to be a difficult experience for some, something of a relief for others.

Reminders of the war are everywhere, from the enormous bomb craters that pockmark the countryside to the litter of abandoned military ordnance. In the larger cities, sidewalk vendors do a grisly trade in Zippo cigarette lighters, dog tags, watches and cameras, which they claim were pilfered from American casualties.

1986 return

Michael Arrington, who served as a corporal in a Marine reconnaissance unit stationed in Vietnam in 1964, returned in 1986 with a group of travel industry executives at the request of Vietnamese government officials.

"I was walking to dinner in Da Nang and my foot kicked something," says Mr. Arrington, 50, president of Arrington Travel Center in Chicago. "I reached down and picked up an old, rusted American helmet."

Local entrepreneur Steve King served with a Marine rifle company that in 1970 saw heavy action near Chu Lai, an area referred to as the "rocket belt" because of the frequency of rocket and artillery at-

tack. Chicago restaurant owner Lom Tan, to explore a possible import/export venture.

"The weirdest part for me was walking past the Hanoi Hilton," a bitterly nicknamed prison where captured U.S. airmen were held, says Mr. King, 42, president of Task Merchandising Inc. in Chicago. "I walked up to the gate and tried to look inside, but the guards came out. It was so eerie, like, 'Are any of our guys still in there?'"

Dr. Don Catherall, assistant professor at Northwestern University Medical School and executive director of Phoenix Institute in Chicago, which treats trauma victims, says the experience is more likely to be unnerving rather than truly traumatic.

Altered perspective

"It's not unlike returning to your grade school and looking at it with the eyes of an adult," says Mr. Catherall, a Vietnam veteran who wrote "Back from the Brink: A Family Guide to Overcoming Traumatic Stress." "There are going to be some strong feelings, but it won't be post-traumatic for most."

Veterans turned businessmen say they've been treated graciously during their visits to Vietnam, even by former Viet Cong and North Vietnamese Army soldiers.

And if there are strong feelings to overcome in going to Vietnam, many veterans believe the effort is worth it. They see a nation eager for investment, and Japanese, German, Korean, French and Taiwanese business people already hard at work.

"There are opportunities there that are phenomenal," says Mr. Arrington. "It's time to forget the past. This is a global economy, and the Pacific Basin is crucial to the world economy."

There's also a sense of vindication for some Vietnam veterans. Unlike the veterans of World War II, who were welcomed back into the working ranks after conquering Japan and Germany, Viet vets often tried to hide their Vietnam combat experiences when they returned to the U.S.

Mr. Bushby, who was once mocked by an employment recruiter for not having fled to Canada during the Vietnam War.

"Now, if you send a veteran back there, they'll get a lot more respect," he says. "The Vietnamese will respect you for coming back. They know you gave something up when you served there and that, by coming back, you're showing you have some regard for the place. I think it adds a level of permanence to your involvement with the Vietnamese."

The continuing controversy over the POW/MIA issue looms as a significant threat to normalizing rela-

tions with the Vietnamese. "I don't think their political leaders have come clean. I hope the embargo isn't lifted," says John Mazzuchelli, 57, vice-president of Midwest Swiss Embroidery Co. in Chicago. He served as an Army platoon sergeant in 1968-69, commanding an armored personnel carrier.

Yet other veterans almost feel a yearning to do business in Vietnam, a sense that it might help put things right.

As a captain in a Marine rifle company stationed in the Central Highlands in 1965-66, Neal Meehan was engaged in some of the blood-

iest and heaviest casualties during search-and-destroy missions, most of them undertaken at night.

Desire to go back

Yet Mr. Meehan, 52, chief operating officer of In-Flight Phone Corp. in Oakbrook Terrace and former president and chief operating officer of Midway Airlines Inc., would like to go back, perhaps as a representative of his company's recently formed subsidiary, In-Flight Phone International.

"I believe the globalization of the economy and business is inevitable," he says. "Vietnam is an area

See Vietnam on Page 45

Rosty

Continued from Page 3

of financial self-dealing to enhance his congressman's salary, which he has always considered too low. A federal grand jury reportedly has subpoenaed a broad range of Rep. Rostenkowski's official and campaign-related financial records.

And personal wealth by no means precludes acts of wrongdoing.

It is possible that the gains in the Rostenkowskis' reported assets exceeded what he earned in salary, speechmaking fees and investment income over the last four years. But without more detail, it's impossible to conclude that the gains were based on anything besides an increase in the market value of those assets.

Reported investments

The Ethics in Government Act requires members of Congress to report any investment in excess of \$1,000, but the value of each holding may be reported within broad categories, such as \$5,001 to \$15,000, or \$100,001 to \$250,000. Investment income is reported within similarly broad parameters.

With holdings ranging from blue-chip securities such as McDonald's Corp. and PepsiCo Inc., as well as several more obscure investments, it's clear the Rostenkowskis have

done well over the last few years.

For 1989, they reported year-end assets totaling between \$330,015 and \$980,000. By 1992, their assets had reached at least \$691,053 and possibly almost \$2.2 million.

For the 65-year-old Rep. Rostenkowski, who has been on the public payroll since the age of 24, the source of that wealth is not entirely clear. Between 1989 and 1992, congressional salaries ranged from \$89,500 to \$129,500. The current salary is \$133,600.

He collected hundreds of thousands of dollars in speaking fees during that period, but all except \$26,850 a year had to be donated to charity until 1990, when members were banned from keeping any fees.

One of the biggest gains was reported for rental property he owns with his sister at Evergreen Avenue and Noble Street, which is the office space attached to his home. The property became controversial when it was disclosed that his campaign fund rented the offices, which appeared from the outside to be little more than a "mail drop."

Reporters who have toured the space, however, have confirmed that it is used as the congressman's private office and a storage room.

An increase in value was reported for the Noble property in 1992, falling within a range of \$100,001 to \$250,000, up from \$50,001 to

\$100,000 in previous years.

Despite recent reports that the property received a favorable tax assessment, the assessment on the rental property and the congressman's home went up 42% in 1991, while assessments of similar properties in the area rose much less.

"Anyone who's saying he got special treatment, obviously, this wasn't the case," says Dick Vanecko, chief deputy of the Cook County assessor's office.

Wife drew salary

The reports show that Ms. Rostenkowski collected a salary between 1989 and 1992 from Confidence Insurance Agency, which the Rostenkowskis incorporated in 1987, according to Illinois secretary of state records. The company was involuntarily dissolved in November 1991 for failing to file an annual report and to pay the annual franchise tax, according to secretary of state records.

But Ms. Rostenkowski's salary from Confidence Insurance Agency was reported to be \$3,735 in 1989, the last year that the amount had to be reported. It is not known why she collected wages from the agency last year, after it was defunct.

A spokesman for Rep. Rostenkowski referred questions to the congressman's recently hired defense attorney, Robert S. Bennett, who declined to comment.

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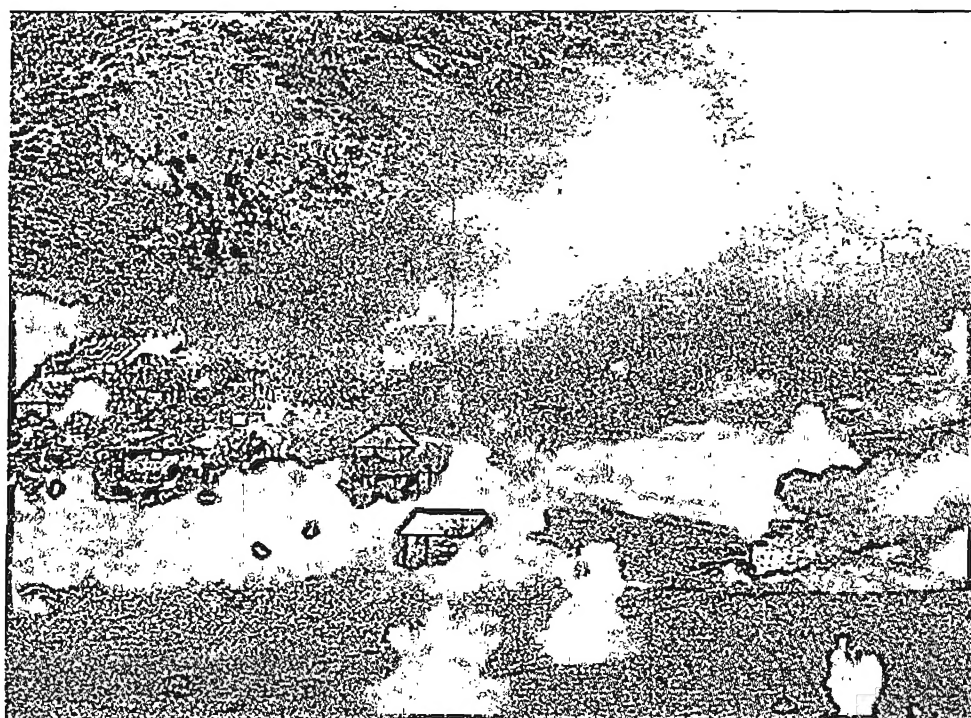
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tioned" and airport
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State's attorney's officials
clined to comment Thursday.
The Du Page County Board for-
mally endorsed a resolution in

purposes other than official air-
port business.
Support for that allegation
faced in recent days in the fo

to an Rochester, N.Y., airport
charge. Moxley said an airport
employee discussed how he could
SEE AIRPORT, PAGE 7

st office furor gets nasty



village besieged: Smoke and flames rise from houses set on fire during fighting between government troops and Bosnian Serbs in Ljuta on Mt. Igman. Story, Page 4.

GOP rips speaker over probe actions

By Elaine S. Povich
TRIBUNE STAFF WRITER

WASHINGTON—After an angry and emotional debate in which the speaker of the House was all but accused of manipulating a federal prosecutor, House Democrats on Thursday rejected a Republican effort to open records of the House post office investigation to public scrutiny.

The federal investigation of wrongdoing at the post office earlier this week indicated that Rep. Dan Rostenkowski (D-Ill.), the powerful chairman of the Ways and Means Committee, may have profited from a misuse of funds, possibly as much as \$100,000.

Republicans, seeing that this Democrat so crucial to President Clinton's economic program was at the center of controversy, had demanded Wednesday that records of the special House task force that conducted an inquiry into the scandal before federal prosecutors became involved be made public.

During the bitter debate Thursday, Republicans accused Democrats of a "cover-up" because they argued against public release of the information.

Democrats countered by saying that the investigation into Rostenkowski and others would be jeopardized if the documents were made public, an argument advanced by the interim U.S. attorney, J. Ramsey Johnson, in a letter to House leaders Wednesday.

And in an unprecedented breach of House comity, Speaker Thomas Foley (D-Wash.) was practically accused of manipulating the prosecutor into taking the Democrats' side. Foley faced down his accuser, Rep. William Thomas (R-Calif.), and received an apology.

Under the resolution approved 244-183, the speaker will ask Johnson to advise the House when the documents can be released; then the House will take a vote on whether to make them public. One Republican, 242 Democrats and one independent voted to keep the records closed; 11 Democrats and 172 Republicans were opposed.

"Public disclosure will thwart the ability of the prosecutor to collect information," said House Majority Leader Richard Gephardt (D-Mo.). "It would possibly impair the U.S. attorney from completing his investigation."

But Republicans insisted that public disclosure of all of the investigatory documents would do nothing more than shed light on the issue. In fact, Thomas, who

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Pain, trauma linger for kids in urban war

By Jean Latz Griffin
TRIBUNE PUBLIC HEALTH WRITER

Lavercheray Johnson, 3 weeks old, died last January when her father allegedly threw her against a wall, fracturing her skull. The girl's siblings—ages 1, 2, 3 and 4—were in the apartment.

When 20-month-old Marcellus Harris was strangled with a telephone cord in June—allegedly by a 14-year-old baby-sitter—six other children under the age of 10 were present.

The 36 Chicago-area children under the age of 15 who have been killed this year have left behind young brothers, sisters, classmates, neighbors and friends. Although researchers are just beginning to piece together the short- and long-term effects of violence on such surviving children, they are discovering that the kids may suffer many psychological and neurological maladies.

"We are in the infancy of understanding the terrible things that this does to kids," said psychiatrist Markus Kruesi, director of the Institute for Juvenile Research at the University of Illinois Hospital. "Kids who are abused or neglected or exposed to

Killing our children

Research indicates children may suffer a wide range of psychological and neurological maladies from

living with violence. Each friend or relative they lose to violence reduces the chances that a child will be a healthy adult.

violence, that exposure increases their likelihood of becoming violent.

"If you wanted to cook up a plot to make more children in the world grow into violent adults, this is an ideal recipe."

Kruesi and other experts believe that prolonged exposure to aggression and danger can turn children skittish and rigid, unable to tolerate the mildest insult or settle an argument without a gun or a fight.

Or the unrelenting stress can create passive, submissive individuals who become convinced that they are helpless to improve

SEE TOLL, PAGE 11



AP photo
ing Kaskaskia.



Moscow Brain chastises Senate

stressed, change chemically in ways that make it impossible for them to shut down, scientists are learning.

and several other cousins.

Some have had trouble at school. The younger ones have grown afraid of the dark and beg

come healthy adults.

Only now, more than a year later, is Enjoli beginning to recover from her cousin's death.

House

CONTINUED FROM PAGE 1

was a member of the task force that looked into the post office case last year, insisted that there was nothing in them that would damage the case against anyone.

In a loud, emotional speech on the House floor, Thomas accused Foley of having a phone conversation with Atty. Gen. Janet Reno prior to receiving the letter from Johnson asking that the documents be kept secret.

That brought Gephardt to his feet, challenging Thomas' statement. Thomas shouted that Foley should be brought to the floor immediately to reply. Seconds later, Foley strode onto the floor and angrily denied he had ever had a conversation with Reno.

"That is totally and absolutely incorrect," a grim Foley said. "I am surprised that the normal courtesy that exists between members would not have been shown in this case."

Pointing his finger at Thomas, Foley said that not one question had been asked of him until the accusation was made on the floor. At the end of his remarks, Thomas apologized and admitted he "had no factual evidence" that the call had taken place.

That set the tenor of the debate. The House "won't fess up to its dirty little secrets," charged Rep. Scott Klug (R-Wis.). But House Majority Whip David Bonior (D-Mich.) countered that the House should "stand here and affirm our principles of law, order, justice and decency."

Meanwhile, Rostenkowski went about his other business Thursday, holding meetings throughout the day on the economic plan.

Pausing to chat with reporters outside the committee room door where he was holding the meet-

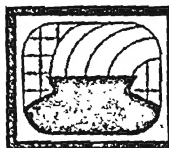
ings, Rostenkowski discussed the progress the committee members were making. But when he was asked how the investigation was affecting his budgetary work, he did not answer and gently pushed away a reporter's tape recorder.

Rostenkowski voted with the other Democrats to delay release of the investigatory documents.

A year ago, a House task force

on the post office report found nothing to suggest that House members had engaged in embezzlement, although it criticized the conduct of post office employees.

In his guilty plea released Monday, former House Postmaster Robert Rota admitted he lied to House investigators. The Associated Press reported, quoting from one of the unreleased documents,



LOTTERY INFO

Computer analysis of Illinois lottery numbers

For period ending Wednesday, July 21

Top 10 Little Lotto numbers drawn in last 52 weeks

No.	Freq.	No.	Freq.
1. 24	18%	6. 03	17%
2. 10	17%	7. 16	16%
3. 30	17%	8. 12	16%
4. 20	17%	9. 08	16%
5. 09	17%	10. 02	16%

Lotto analysis

For numbers drawn in Little Lotto drawings during last 52 weeks. 'Most paired' is other number that appeared most often in same drawing.

No.	Wins in last 52 wks.	Most paired with	Games since last chosen	No.	Wins in last 52 wks.	Most paired with	Games since last chosen
01	22	02	0	19	21	09	28
02	25	10	3	20	26	25	0
03	26	09	8	21	22	34	6
04	18	06	6	22	24	23	11
05	23	15	1	23	23	16	8
06	20	04	3	24	28	12	5
07	19	10	12	25	19	20	19
08	25	20	0	26	23	10	4
09	26	03	1	27	22	34	16
10	27	02	3	28	23	30	2
11	19	24	1	29	23	06	0
12	25	24	2	30	26	28	5
13	11	20	10	31	21	02	0
14	23	28	5	32	19	25	2
15	21	05	1	33	17	19	2
16	25	23	2	34	24	21	3
17	21	30	13	35	18	20	6
18	20	09	4				

Pick-4 analysis

Times in last 15 weeks that each digit [0-9] was selected in any of the three positions. The last column shows how often the number appeared in more than one position [example, 636].

No.	1st	2d	3d	Any	Rpt.
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Daily game analysis

Times in last 15 weeks that each possible number [0-9] was chosen in any of the four digit positions. The last column shows how often the number appeared in more than one position [example, 2878].

No.	1st	2d	3d	4th	Any	Rpt.
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Gas blast kills 2, razes buildings in St. Paul

ASSOCIATED PRESS

ST. PAUL—A car was blasted across a street by a natural gas explosion Thursday, killing two people and reducing two buildings to charred rubble.

The car's driver was pronounced dead at the scene, and a woman who suffered burns on 95 percent of her body died later at a hospital.

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CULVER CITY, Calif.—The French bank that owns Metro-Goldwyn-Mayer on Sunday replaced Alan Ladd Jr. with veteran Hollywood executive Frank Mancuso as MGM's boss.

Bank officials also said Credit Lyonnais will spend more than \$1 billion to reduce the studio's debt and make at least \$210 million available to jump-start its United Artists operations.

Credit Lyonnais, owned largely by the French government, became the unlikely owner of the studio after it bankrolled Giancarlo Parretti's 1990 takeover of what was then MGM-UA Communications Co. for nearly \$1.4 billion. Parretti defaulted on his loans, and the bank foreclosed.

The virtual collapse of what once was a leading Hollywood studio has spawned fraud and racketeering lawsuits and countersuits between Credit Lyonnais and former owner Kirk Kerkorian. The FBI is conducting a criminal investigation of the case.

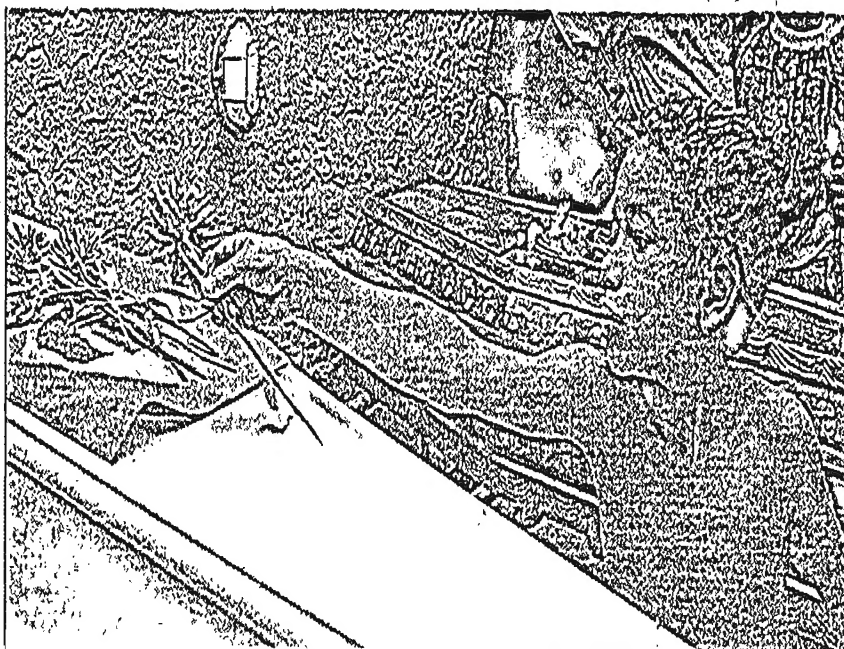
Credit Lyonnais, one of the world's 10 largest banks, is seeking to sell both studios and retreat from direct participation in Hollywood. To do so, the bank, which eventually would be forced to sell MGM under U.S. regulations, must re-establish the studio as a credible producer of entertainment.

The bank has enlisted Michael Ovitz, a top Hollywood agent and head of Creative Artists Agency, to help turn MGM around.

Ovitz has been moving Creative Artists into marketing terrain once dominated by Madison Avenue and dealmaking that was handled in the past by Wall Street investment banks. He helped broker the sales of MGM-Universal Studios and Columbia Pictures to Japanese investors.

Mancuso, 60, has spent more than three decades in the entertainment industry, most recently serving as chairman and chief executive of Paramount Pictures. Ovitz suggested bringing Mancuso into the effort to rescue MGM.

Ladd, a popular Hollywood fig-



AP photo

A rose from the streets: A homeless child places a flower Sunday on the coffin of one of seven street children massacred by gunmen Friday in Rio de Janeiro. Three Rio police officers were being held at headquarters Sunday in connection with the slayings.

Foley unaware of missing postal data

REUTERS

NEW YORK—House Speaker Tom Foley said Sunday that he has no knowledge of any missing documents on the House post office scandal and that once the U.S. attorney's investigation into the matter is completed all documents should be released.

"We're going to cooperate fully and entirely—fully and entirely—with the U.S. attorney's office in seeing that all documents available that are proper to their investigation be released," Foley said on CBS-TV's "Face the Nation."

"When this investigation is over, those documents, I think, in fact, ought to be released." But he added that Congress should abide by the U.S. attorney general's request to have documents withheld until the investigation is completed.

"I have no knowledge of any missing document. But certainly we're going to allow the U.S. attorney to make another review to ensure there are no missing documents," he said.

The scandal centers on allegations that Rep. Dan Rostenkowski (D-Ill.), the powerful chairman of

the House Ways and Means Committee, embezzled House Post Office funds.

House Republicans tried to force public disclosure last week of all documents in the House post office scandal but failed in a near-party-line vote.

Rostenkowski, who is a central player in pushing President Clinton's budget plan through Congress, Saturday denied the allegations of embezzlement. He has not been indicted on any criminal charge and said Saturday that the accusations against him are "unfair, false and baseless."

NABATIYEH, Lebanon—I warplanes launched new air on targets in south Lebanon day and guerrillas fired Katyusha rockets at the J state, security sources said.

The sources said several p bombed targets in three vi in the Nabatiyeh district, v pro-Iranian Hezbollah guer are active.

There was no word on c tiés in the raids, the first dawn on Lebanon.

Shortly before the latest si guerrillas fired at least fiv yushas at Israel, the sources

On Sunday, Israel launch most extensive air campai Lebanon in 11 years to aven killing of seven Israeli sc this month. Guerrillas ret by firing dozens of rocket northern Israel.

At least 18 people died Sunday attacks, 16 in Le and two in Israel. Lebanese vors dug through rubble in from southern Lebanon to Beirut, and Israeli off planned to evacuate people northern Israel.

The combat escalated fi between Israeli troops and rillas opposed to the M peace talks.

They are Hezbollah, the Muslim group financed by and the Popular Front for Liberation of Palestine-Command, a Syrian-supp Palestinian group. The fo the clashes has been an Isr occupied buffer zone in so Lebanon.

The planes and helicopte ships hit bases used by bot

10 slain, 53 injured in attack on South Af

FROM TRIBUNE WIRES

CAPE TOWN, South Africa—Black gunmen fired automatic rifles and lobbed hand grenades at a church congregation Sunday night, killing 10 white worshipers and wounding at least 53.

shippers wailed hysterically in the street outside.

The attack came the night before black and white political parties negotiating an end to apartheid planned to unveil a preliminary draft of a constitu-

door of the packed Anglican church in the suburb of Kenilworth as a minister was preparing to address more than 1,000 worshipers.

The attackers fired AK-47 assault rifles and lobbed at least two hand grenades that exploded

service while in port.

A priest, Rev. Brian Can said children of parish were being entertained in a by rectory so there were adults in the church during attack. At least one boy had told that his mother had d